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FBIS-LAT-92-107 *3 June 1992*

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Haiti

According to Port-au-Prince radio, provisional President Nerette told Marc Bazin, leader of the Movement for the Establishment of Democracy in Haiti, MIDH, that he has been "chosen by consensus" to be prime minister under the provisions of the Vilia d'Accueil tripartite agreement. The report goes on to say that Bazin, "taking into account the current state of the political situation and the economic freeze in the country due to the embargo," has accepted the "heavy responsibility" entrusted to him.

Colombia

Former Peruvian President Alan Garcia arrived in Santa Fe de Bogota and told reporters that he thanked the Colombian Government for affording him protection, Santa Fe de Bogota radio reports. Later, at the Tequendama Hotel, Garcia held a news conference in which he talked about the situation in Peru, the military's attempt to arrest him, his differences with the government, APRA, the OAS, his philosophy of government, and Latin American integration as a solution to many of the region's problems. He said, the coup "was a product of the neoliberal model." "The government was beleaguered by recession, unemployment, and resurgent inflation that hampered exports." Then the government, trying to escape the situation, "became a dictatorship. It had no other way out. The people are somehow backing the new situation, that act of arrogance, as it is said in bull-fighting jargon, because they are hoping something will happen, that something will change. In stressful and difficult situations it is easy to find people who look for irrational ways out. That is what is happening on our continent," Garcia said. He also explained why the military is supporting President Fujimori's actions, some based on "good intentions," others who are responding to "old views." In answer to a question, Garcia says, "Personally, I am not going to participate in the elections. I would not like to run the risk of ending up as the dictatorship's lap dog."

El Salvador

San Salvador radio broadcasts the 1 June speech by President Cristiani on the occasion of the third anniversary of his administration. Cristiani says he is pleased that "the armed conflict" has been resolved through "political understanding." Having signed the peace accords, Cristiani says, "We are now immersed in the process of complying" with them, which is a "difficult process, full of obstacles..." He adds that the whole nation is "duty bound to work in a coordinated way." Cristiani notes the economic and social goals of his administration were "to end the abusive state interference and establish a market economy" and "to create specific conditions" to improve the standard of living. The 1980's, he says, was "a lost decade, a decade of backwardness, destruction, and impoverishment." State intervention, he says, suppressed "the creative spirit of the Salvadoran people." He says the results of reforms "surpass what had been initially listed as objectives in the development plan." The economy "has firmly entered a reactivation phase." Cristiani addresses the issue of poverty and says, "We must strive to end the abnormal situation." Programs are needed which "go to the root of the problem." Cristiani identifies the education, health, and housing sectors "as priority areas" and says "the government's policy placed its emphasis on the basic level, since this primarily benefits those with the lowest incomes and people from rural areas." Concluding, Cristiani says "The time is right to launch the finest rallying cry in our time: Modernization." "We must totally abolish old and fatal scourges like corruption, political influence peddling, ideological intolerance, and extreme radicalism."

Venezuela

AFP reports that a university student was killed, 11 policemen and several demonstrators were injured, and more than 100 persons were arrested during violent student antigovernment demonstrations in Caracas and seven other cities.

Participants Comment on Rio-92 Conference

'Important Documents' Expected

PY3005172892 Brasilia Radio Nacional da Amazonia Network in Portuguese 1000 GMT 30 May 92

[Text] Brazil's participation in the Rio-92 conference will yield important documents on the environment for the next few years. This is the view of Marcos Azambuja, coordinator of the Brazilian delegation to the conference.

The Brazilian delegation has high expectations for the results of the conference debates. According to Marcos Azambuja, who will coordinate Brazil's participation in the conference, the participants must produce important documents on the environment for the next few years.

[Begin Azambuja recording] I think we are going to participate in a conference that will yield important documents. This will not be just a rhetorical exercise, a great event, but will mark the moment in time when the international community will change its course, find new methods, and determine our proper responsibilities until the end of this century. [end recording]

According to Azambuja, Brazil's position will include defending both its sovereignty and mankind's welfare as the final objective of development, based on the continuing development policy of President Collor.

UN Delegate on EC Absence

PY2905235892 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 29 May 92 p 12

[Excerpt] Rio de Janeiro—Maurice Strong, the designated secretary general of the UN World Conference on Environment and Development (Rio-92), yesterday officially took over the administration of the Riocenter, the Rio-92 headquarters. Strong said he is not concerned about the decision by EC Environment Commissioner Carlos Ripa di Meana not to attend the Rio conference because of his doubts over the results. "His attitude reflects the internal problems of the EC," he said.

Strong was in good humor when he paraphrased Saddam Husayn and called the meeting "the mother of all conferences." The Riocenter is not yet considered international territory, even though the United Nations has responsibility for it. Carlos Garcia, president of the National Work Group (GNT), which is responsible for organizing the event, said that the center will become international territory only for the 12 days of the conference (from 3 to 14 June). [passage omitted]

Minister Cites U.S. Position

PY0206025692 Brasilia Voz do Brasil Network in Portuguese 2200 GMT 1 Jun 92

[Excerpts] [passage omitted] Education Minister Jose Goldemberg, who is also the environment secretary, told President Fernando Collor that he received a letter from EEC Environment Minister Carlos Ripa de Meana informing Goldemberg that he will not attend the Rio-92 conference.

Citing U.S. refusal to sign the biodiversity treaty, Carlos de Meana argues that he will not attend the conference because of the intransigence of some industrialized countries outside the EEC. He added that his absence must not be interpreted as criticism of the Brazilian Government nor of the conference organization.

Goldemberg said he will answer his European counterpart's letter, asking him to attend the conference. [passage omitted] Minister Goldemberg feels that the Brazilian delegation will still convince the United States, Japan, and France to sign the treaty on biodiversity; that is, on preservation of the species.

Azambuja on U.S. Decision

PY0206020092 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 1 Jun 92 p 12

[Text] Rio de Janeiro—Ambassador Marcos Azambuja, the coordinator of the Brazilian positions at the UN Conference on Environment and Development, Rio-92, said yesterday that he reacted with "surprise and disappointment" to the U.S. decision not to sign the convention on biodiversity (all species of plants, animals, and micro-organisms of the earth). A group formed by Third World countries requires the transfer of biotechnology as a condition for allowing developed countries access to their natural resources.

The ambassador said the United States has a right to state its position, but he argued that many U.S. concerns were met. In the coordinator's opinion, the U.S. Government's announcement, made just four days before the beginning of the conference, clearly shows that the United States did not thoroughly study the issues. Azambuja said: "We do not challenge the U.S. right to state its position, but the agreement on biodiversity is on the right path."

The ambassador still believes that progress will be achieved on this issue; that is, the United States will review its position announced on 30 May and realize that the conventions are good and represent the beginning of a "new order based on technology and biodiversity." The coordinator added that he is counting on support from the EEC. He said: "That support dispels the idea that harmony is missing at Rio-92." The ambassador will hold a news conference at the Riocenter building today to discuss this issue.

Portugal's Soares on U.S. Decision

PY0306003992 Brasilia Voz do Brasil Network in Portuguese 2200 GMT 2 Jun 92

[Text] Portuguese President Mario Soares will be the first head of state to deliver a speech at the UN Conference on Environment and Development. He said today in an exclusive interview with AGENCIA BRASIL that

the U.S. Government decision not to sign the biodiversity convention may weaken the conference decisions.

Soares said, however, that the most important issue is to make governments aware of environmental issues. He added that it is important to discuss the poverty and misery affecting a large proportion of the world population.

Soares also believes that discussion of the foreign debt of the Third World cannot be excluded from the deliberations. He added that the Rio conference will represent a new declaration of the rights of mankind in relation to the environment.

Hungary's Katona on Relations

LD0306102292 Budapest MTI in English 0629 GMT 3 Jun 92

[Text] Rio de Janeiro, June 3 (MTI)—Latin America and the newly democratizing countries of Central Europe are proceeding along parallel courses. Obviously, the ultimate goal for the Latin American states is attaining full membership in a kind of American integration, and we are aiming at full membership of the European Community in this century, Tamas Katona, secretary of state at the Hungarian Ministry of Foreign Affairs, told MTI's correspondent.

Katona has been in Rio de Janeiro since June 1, attending the UN World Conference on Environment Protection.

Last week, he represented Hungary at the East-South conference in Montevideo, and then held bilateral diplomatic talks and met representatives from the local Hungarian community in Argentina and Chile.

Katona said, "To Hungary, the Latin American relation is very important, since we need an outlet for a whole range of products which were destined for a presently insolvent market.

"It's just a dream for the two regions to have some kind of contractural relations with each other. After twenty years, we have to start from the beginning in the event of Chile, Argentina, Brazil, and even in that of Uruguay," Katona said.

Botswana Criticizes U.S.

MB0206201692 Gaborone Radio Botswana Network in English 1610 GMT 2 Jun 92

[Text] A Botswana delegate to the UN World Conference on Environment and Development in Brazil, Mr. Seyiso Diphuko, criticized the U.S. decision not to sign the convention on biodiversity. Briefing the press last night in the Brazilian capital Rio de Janeiro, Mr. Diphuko said the agreement would have no effect if signed by African countries and not by the United States. He said the United States contributes significantly to the environmental problems facing the world now, therefore developing countries which contribute little to the environmental damage cannot be expected to sign the convention when those that contribute more refuse to sign it.

Mr. Diphuko said the developed countries should understand that the developing countries do not have the same levels of development and consumption. Turning to Botswana, he said national problems included overgrazing and desertification. He said cattle to a Botswanan is like a bank account to an American, and therefore one cannot just tell a Botswanan to do away with cattle because they are too many.

Parlacen Resolution on Banana Exports to Europe

PA0206233292 San Jose LA REPUBLICA in Spanish 22 May 92 p 9A

[Resolution issued by the Central American Parliament, Parlacen, in Guatemala in May, run as a paid advertisement: "Support for the Banana Producing Countries of Central America"]

[Text] Whereas:

1. The Central American countries and EC have established a political and economic dialogue with a cooperation plan, based on an international agreement to promote the interdependence, regional integration, and socioeconomic development of Central America, mutually beneficial exchange, and cooperation that is fruitful and respectful of Europe.

2. By virtue of the Cooperation Agreement (Luxembourg Agreement of 1985) and the political agreements that resulted from the dialogue between the two regions in line with GATT and the agreements on the agricultural liberalization proposed at the Uruguay Round, the EC and the Central American countries are committed to the welfare of their peoples and the establishment of healthy international relations in a climate of respect and support for human rights within the dynamics of competitiveness and freedom.

3. Central American bananas are now preferred by consumers of developed nations for their excellent quality, a factor that determines competitiveness and the efficiency of production and technology.

4. Central America's banana exports to EC countries constitute a key factor in the socioeconomic development of these countries because they provide a source of employment, foreign currency, and fiscal revenues.

5. Despite this situation and the status of relations between the EC and Central America, based on current trends to internationalize economies and encourage free trade that characterize the new international relations, the EC proposes to its Council that it impose a quota of 1.4 million tons on banana exports from Latin America with a comprehensive tariff of 20 percent on their value.

The Central American Parliament [Parlacen] therefore resolves:

1. To appeal to EC members to view our trade relations with regard to banana imports, based on the spirit and letter of our legal and political international agreements and on the economic meaning of a real opening up of our markets, in a climate of healthy competition and quality of the product offered to European consumers.

Therefore, Parlacen notes that it is important for the EC Council to reconsider and revise the quota system and the tariff and nontariff measures that affect banana production in Central America and sales in Europe and to adopt equitable measures that consider the interests of Central American producers and the needs and options of quality and price for the European consumer.

2. To request the cooperation and political support of the European Parliament to guide the EC on this matter, based on the spirit and letter of the Luxembourg Agreement of 1985, the evolution of the political and economic dialogue between Central America and Europe, and international negotiations on agricultural matters dealing with the liberalization of tropical products.

3. To support fully the moves being taken by the Union of Banana Exporting Countries so that the interests of the Latin America's banana exporting countries are taken into consideration when Europe adopts its import system.

[Signed] President Roberto Carpio Nicolle
Secretary Jorge Canale Nanne
Responsible signature: Carlos Bernal Perez Castro
[Issued] May 1992, Guatemala

Haiti

MIDH Leader Bazin Named Prime Minister

FL0206213692 Port-au-Prince Radio Metropole in French 2100 GMT 2 Jun 92

[Text] The new Haitian prime minister has been officially appointed, according to a member of the Secretariat of the provisional president. The leader of the Movement for the Establishment of Democracy [MIDH], Marc L. Bazin, has been chosen.

After two meetings of the provisional president with the presidents of the two chambers, including today's final meeting with the military, they decided on the leader of the MIDH.

An official letter from the departing provisional president will be sent to Senator Dejean Belizaire and Deputy Alexandre Medard, presidents of the Senate and of the Lower Chamber, respectively.

Agrees To Accept Post

FL0306122792 Port-au-Prince Radio Tropic FM in French 1100 GMT 3 Jun 92

[Press release issued by the Movement for the Establishment of Democracy in Haiti, headed by Marc Louis Bazin, in Port-au-Prince on 2 June 1992]

[Text] According to... [announcer pauses] In a statement received in our newsroom, the Movement for the Establishment of Democracy in Haiti [MIDH] says that, quote, in a letter dated 2 June 1992, Mr. Joseph Nerette, the constitutional provisional president, advised Mr. Marc Bazin that he has been chosen by consensus to be prime minister under the provisions in the Villa d'Accueil tripartite agreement.

The MIDH is pleased to state that after carefully weighing the pros and cons, Mr. Marc Bazin, taking into account the current state of the political situation and the economic freeze in the country due to the embargo, has decided to accept the heavy responsibility entrusted to him.

The MIDH, which has taken a moderate position throughout the crisis so that a consensus could be reached through negotiations, is ready to lead the search for a compromise desired by all participants in the tripartite agreement. The path, however, is long and treacherous. Therefore, the search for ways to return to constitutional order can succeed only with the participation of all the Haitian people, national institutions, and all socio-political sectors, unquote.

Police Patrol Capital, Arrest 4 Persons

FL0206152592 Port-au-Prince Radio Soleil Network in Creole 1100 GMT 2 Jun 92

[Text] Last night between the hours of 2030 and 2100, the anti-gang police arrested approximately four persons in the area of Rue Lamarre, Poste Marchand, and Impasse Mousin. Several of those arrested were subsequently released. The police actively patrolled this area. Students who usually stay late in this area to study were forced to flee. We do not know why these arrests were made last night. We do point out that although there were numerous police patrols last night, no gunfire was heard.

Front Says Tripartite Accord Unconstitutional

FL0206215192 Port-au-Prince Radio Metropole in French 1600 GMT 2 Jun 92

[Text] The National Front for Change and Democracy [FNCD] considers the tripartite agreement a violation of the Constitution and an artificial solution to the crisis. The FNCD points out that the agreement leaves an institutional vacuum in the Presidency of the Republic, while the fundamental charter provides for two constituent elements in the executive power: an elected president and a prime minister.

The FNCD states that the tripartite agreement does not define the source of the prime minister's power, although it is referred to as a consensus. To the FNCD, the dismissal of the ousted president remains one of the essential elements of the crisis. The agreement is therefore not a real political compromise. The agreement, according to FNCD, will only result in increasing political frustration within the national community.

The FNCD feels it is not too late for a peaceful resolution of the crisis and proposes a political compromise based on the spirit of the 23 February Washington agreement.

Education Ministry Decision on Schools Ignored

FL0206191092 Port-au-Prince Radio Soleil Network in Creole 1100 GMT 2 Jun 92

[Excerpt] Yesterday, 1 June, students in the first through fifth year of the secondary level in all public high schools should have returned to school after a one-week vacation decreed by the Ministry of National Education for students to prepare for final exams due to begin yesterday. We do not yet know the current situation in the public high schools in the provinces, but in the capital the ministry's decision has not been respected.

In some institutions, such as Lycee Petion, a public high school, most of the students were absent. Some teachers did not hand in the texts of the exams. Consequently, the high school principal postponed the exams until tomorrow, 2 June. In some public high schools, such as Lycee Jean-Jacques, some students agreed to take the exams, while another faction was creating disorder in the courtyard to disrupt the exams.

In some institutions, such as Lycee Marie-Jeanne, a public high school for girls, the students resumed their protests of last week. Military men and armed civilians surrounded the high school yesterday morning,

according to witnesses who also say that police arrested at least two of the demonstrating students.

Other witnesses noted the arrest of Huggens Voltaire, a Haitian journalist working for an American newspaper. These witnesses say he was arrested at the General Hospital while interviewing an injured Lycee Marie-Jeanne student. The same sources say that Mr. Voltaire was released a short time later. [passage omitted]

Bishop Condemns Arrests, Rights Violations

FL0206232092 Port-au-Prince Radio Metropole in French 1600 GMT 2 Jun 92

[Excerpts] Father Denis Verdier, director of the Catholic humanitarian organization in Les Cayes, Caritas, was arrested yesterday by the forces of law and order. He was still being detained this morning by the military authorities in Les Cayes. Father Verdier belongs to the Fraternity of Fathers in the South, a group of Haitian priests in the southern region. He was in a car when he was arrested.

Several arrests have taken place lately in Les Cayes, provoking a reaction today from the city's Bishop (Verier).

[Begin unidentified correspondent recording] If today I speak, it is because too many things have happened to leave me indifferent. As bishop of the diocese of Les Cayes, it is my duty, in the face of injustice or human rights viiolations, when people's dignity is not respected, to speak out. That was the public statement made by Bishop (Alix Verier) on Radio Main Kontre on 2 June. [passage omitted]

The bishop let it be known that arrests have been made throughout the diocese of Les Cayes. Civilians, priests, and nuns have been arrested. He denounces the methods and the reasons for the arrests, and the disrespect for the dignity of those individuals. According to the bishop, physical force was used and, despite the fact that the police station was attacked last week, there is no reason to mistreat or humiliate those arrested. On the name of law and dignity, I protest, reject all these acts. [passage omitted].

The bishop mentioned that a justice of the peace, a clerk, and two heavily armed civilians arrived on 1 June to conduct a thorough search, under the pretext that heavily armed priests were hiding inside the bishopric, waiting to start trouble. At that time, four priests who were entering the bishopric were mistreated by the military. The bishop terms their actions rude and an insult to the bishopric.

The bishop of Les Cayes demands a public apology from the military because they found no weapons in the bishopric. He says he hopes that his statement prompts the military to act with more self-control, wisdom, and respect. He also believes that the military should remember it is their duty to protect people's lives and property. [passage omitted] [end recording]

Mayor-Elect Denies Mistreatment of Soldiers

FL0206160792 Port-au-Prince Radio Soleil Network in Creole 1100 GMT 2 Jun 92

[Excerpt] Port-au-Prince Mayor-Elect Evans Paul has denied rumors saying that political militants have participated in acts of violence against soldiers. Paul said these rumors were unfounded and asked military officials to look elsewhere for the culprits.

[Begin Paul recording] I want to take this opportunity to send a message to all members of the Haitian Army, first of all, to thank those who have always helped me when I have been in trouble and those who did not participate in mistreating the people. I urge all soldiers in the country to stop abusing the people; this is not fair, they are human beings like you. This is not the role the law has assigned to you. All soldiers should make an effort to understand the country's problem and, in particular, to stop accusing political militants. I always condemn acts of violence, no matter at whom they are directed, civilian or military. If soldiers are the victims, then I advise the Army to discover what acts of revenge are taking place between Army members, but not to accuse unfairly just anyone nor to allow the Army to confront staunch democrats who are struggling to change the situation of all Haitians, civilian and military. [end recording]

The statement by the mayor-elect of Port-au-Prince follows the announcement of the positions taken by the commander in chief of the Army and the Ministry of Interior and National Defense regarding acts of violence that have been committed against the military for some weeks now in the capital. [passage omitted]

Correction to Religious Leaders on Situation

FL0206180592

The following correction pertains to the item headlined "Religious Leaders Condemn Political Situation," published in the 2 June Latin America DAILY REPORT, page 8: Column two, paragraph two, sentence one, make read: ...opinion, the decision to reduce the required number for a quorum.... (rewording)

St. Vincent and the Grenadines

Diplomatic Relations Established With Cuba

FL0306010292 Bridgetown CANA in English 2125 GMT 2 Jun 92

[Excerpt] Kingstown, St. Vincent, June 2, CANA—St. Vincent and the Grenadines has established diplomatic relations with Cuba. Foreign Affairs Minister Herbert Young said diplomatic notes were signed when he visited

Cuba last week following a meeting of Caricom (Caribbean Community) foreign affairs ministers in the Bahamas.

"We must consolidate relations with our hemispheric friends and seek to establish new relationships where none exist, in our own interest. Cuba and St. Vincent and the Grenadines belong to the same hemisphere and we share common cultural characteristics. While we believe that the democratic way is the only way, it does not mean that we cannot have a civil relationship with those who are different," Young said in a statement to CANA Tuesday.

He identified Cuban-trained doctors, economists, engineers, and dental personnel working in St. Vincent and the Grenadines as proof of levels of co-operation between both countries, and said he was looking ahead to the development of trading links.

"We are very hopeful that we'd be able to have a two-way trade." He said Cuban cement and sugar, as well as flour and rice from St. Vincent and the Grenadines had been identified as items for trade. An official delegation which visited Cuba last December agreed to increase levels of co-operation in areas such as health, the environment, culture, sports, and human resource development.

Young said tourism development was also identified as an important sector for greater levels of co-operation, but the difficulties of air communication between Cuba and the rest of the Caribbean was a major hurdle which needed to be addressed. He said much time was spent discussing this issue as well as the broader subject of transportation and "the Cubans are looking at the possibility of extending (their air links via Air Cubana) later on when it becomes feasible." [passage omitted]

* Luis Pazos Cites Telmex Operational Problems

92CA0152B Mexico City EL FINANCIERO in Spanish 13 Apr 92 p 42

[Luis Pazos Commentary: "Productivity? The Telmex Pacts"]

[Text] On 25 March the director of the Mexican Telephone Company [Telmex], Jose Antonio Perez Simon, and the leader of its union, Francisco Hernandez Juarez, signed an accord in the presence of the secretary of labor, Arsenio Farell Cubillas, to improve productivity, quality, and skills in Telmex. The accord looks very good on paper. and let us hope that it succeeds, because to date Telmex's image and service have improved little, if at all, in the eyes of most people. Those of us who saw the privatization of Telmex as a hopeful sign cannot yet say that the change has benefited the country.

Privatizing does not mean selling a company to a group of private individuals so that they can continue to run it without competition and under labor conditions that a union refuses to correct by claiming that they are achievements. The privatization of Aeromexico bore fruit for society because along with its privatization, the sector was opened up to competition and labor conditions were radically changed.

To put it more clearly, excess staff left, and the message of the new management and union at Aeromexico was that loafers would not be tolerated.

In the case of Telmex, the deal that the union apparently made with the government so that the unionized workers would not oppose the privatization was that no one would be fired and that their labor "achievements" would not be touched. In other words, it would be business as usual.

So as to avoid speaking in abstractions and generalities, I will cite two specific incidents of my own experience. Around four months ago a telephone in my office went dead. Two blocks before arriving at my office I come across a van with Telmex personnel. I walked up and asked them whether they could fix my phone. Much to my surprise I saw that they were drinking. One of them, half drunk and with alcohol on his breath, responded incoherently to my request. Although a generalization on the basis of this one incident is invalid, I did conclude after seeing this on-the-job party that these workers felt justified in taking such liberties.

On 25 March, the day that the productivity accord between labor and management was signed, Telmex personnel replacing some telephone lines near my home had hung them so low near my front gate that I could not drive my car through. I walked up to a Telmex worker who was replacing the lines on a pole. I told him that the lines were too low and that any passing car could sever them. His answer was "we know; we are going to fix it." When I left a while later, they had gone and left the lines hanging low. I got a ladder and personally tried to raise them as much as possible by bunching them up with other lines. I reported the problem to Telmex, but no one came to fix them. Two days later a passing bus severed the lines. I was without a phone for a week.

These minor incidents and the comments that I have received from many individuals all over Mexico reflect disappointment over the way in which Telmex is still being run.

Who is to blame? The union that continues to cover up inefficiencies and loafers? Company management, which has lacked the resolve and ability to establish order? Threats by the union, like the ones that Pemex [Mexican Petroleum] voiced under La Quina? Let us hope that the pact that the Telmex management and union have signed will change the current situation, because to date many Mexicans still have the impression that the only thing that has changed in the privatized Telmex is the price of its shares and the higher costs to customers, while service, at least this is the way I see it, remains as bad as ever, or worse.

El Salvador

Cristiani Addresses Legislature on 3d Anniversary

PA0206031292 San Salvador Radio Networks in Spanish 2331 GMT 1 Jun 92

[Speech by President Alfredo Cristiani from the Blue Room of the Legislative Assembly in San Salvador on the third anniversary of his administration—live]

[Text] Mr. President of the honorable Supreme Court of Justice; Messieurs Magistrates; Your Excellencies, the ambassadors and heads of diplomatic missions accredited in the country; Mr. Vice President and members of the cabinet; Mr. Mayor and head of the district of San Salvador; honorable members of international organizations; ecclesiastical and military authorities; ladies and gentlemen:

Honorable Deputies: It is my duty today to present to the honorable Legislative Assembly the official report of my executive actions on the conclusion of my third year in office. The circumstances in which I do so this time are very different from those of previous years. First, in consonance with what I have identified from the first day of my administration as the priority task on my government agenda, I feel very pleased to state—although everyone already knows it—that on 16 January of this year the armed conflict in our country came to an end by the path that I always felt was the most natural, the most advisable, and the one with the most historic content: the path of political understanding.

From the very first minute of my term, I proposed to devote all the necessary effort and dedication to make it possible for us Salvadorans to live in peace, progress, and freedom. As a result of that pledge of honor to the Salvadoran people, who honored me with their trust at the polls, these have been my primary objectives in conducting the government: peace in freedom, freedom in progress, and progress in democracy.

In politics, the primary goal was peace, not as an absolute and unique achievement but as a process through which Salvadorans together opened the doors of the future within the dynamic of a basic consensus that would make it possible to achieve stability in the country for the benefit of all members of our society. The peace agreement, achieved after arduous work over two and one-half years, is an extraordinary and historic advance in national life. Those who fought as enemies in the war were able to sit down at a table to discuss their different approaches to the most diverse national problems. After a complicated exercise in political reasoning, they arrived at the agreement that has brought peace to El Salvador.

It was something that appeared unreachable after so many years of fratricidal struggle, but something that had to come, if we acted like Salvadorans who are aware of our responsibility to our country and to its destiny. The result of a lengthy conflict with such deep roots is qualitatively superior to the errors, injustices, blindness, and intolerance of the past. The conflict ended formally with the signing of the peace agreement. The unquestionable need for this to occur was shown by the fact that, ever since that day, all hostilities have ceased. Historically, the conflict had ended even before the peace agreement was signed. Thus, peace could not be delayed any longer.

We are now immersed in the process of complying with the peace accords. It is an equally difficult process, full of obstacles we must progressively overcome with determination, wisdom, and patriotism. As far as I am concerned, I repeat to the august legislative representatives of the people that I am quite determined and pledged to dedicate all my efforts to the peace accords' implementation, just as I dedicated them to the negotiation process, which concluded in such a satisfactory way for the country. Regardless of their importance, the peace accords are only an essential part of a great plan for the country's overall reconstruction, a plan for a country where stability and an authentic democracy will prevail, where all conflicts can be solved in a peaceful way, and where no one is exempt from responsibility regarding the nation's destiny.

I have said on other occasions that peace is a gift from God but it is not a free gift. It is granted after long and arduous work, sacrifices, tolerance, and good judgment. The Salvadoran people have amply proved that they deserve that gift, and they have received it. All of us who have modestly helped achieve peace feel intimately pleased to recognize the people, themselves, are mainly responsible for the achievement of peace, and they are the direct and essential beneficiaries.

All of the nation's political, economic, and social organizations and groups are duty bound to work in a coordinated way. We must exert ourselves to the utmost for the sake of achieving peace in democracy. This is the ultimate goal of the noble and hardworking nation to which we all proudly belong. Hence, it is necessary to creatively strengthen pluralism, develop culture and respect for the law and human rights, and consolidate peace as the basis for an agreeable coexistence among Salvadorans. If we all manage to achieve these lofty goals, our participation in El Salvador's history will not have been in vain.

Aside from our efforts to achieve peace, my administration set specific goals in the economic and social spheres from the very start of its term. In the economic sphere, we sought to end the abusive state interference and establish a market economy that allows individuals and organizations freedom of initiative and ample room to develop their creative abilities, so as to achieve a strong and sustained socioeconomic development. In the social sphere, we sought to create specific conditions, without deceit or demagoguery, to improve—both in a material and spiritual way—all the people's standard of living and welfare, particularly those brothers who live in extreme poverty and other highly vulnerable groups like young

unwed and unemployed mothers, children and teenagers without a family, the elderly who have been forgotten by their families, and—of course—the thousands upon thousands of innocent victims of the war who have suffered attempted eradication, physical disabilities, and abandonment.

We must urgently try to solve the nation's critical problems in the economic and social spheres because they are extremely complex. We have discussed those problems in a serious and responsible way, regardless of the immediate political costs this will have on the programs we have started, and despite the lack of understanding and many rebuffs. Our sense of patriotism has compelled us to opt for sincerity and the truth rather than conformity, and the results are now evident. The deep economic and social crisis caused by the failure of populist and statistic policies, and the constant damage caused by the sabotage of the country's infrastructure and key economic targets, demanded solutions that would radically change obsolete systems. The Salvadoran people, who have an innate wisdom and are politically mature because of so much adversity and frequent disappointments, wholeheartedly endorsed these realistic changes. Since the very first day of our administration we began to implement an economic and social development plan, characterized by its humanistic concept and the modern alternatives it offers to solve the country's most critical problems.

We knew that the process of change, of modernizing old structures, and of seeing new political points of view would have to face stubborn opponents. We knew that we would have to face the criticism of those who cling to obsolete models that produced chaos, corruption, and poverty and that benefited only a few privileged ones at the expense of people who saw their standard of living drop in the 1980's to what it was 25 years ago.

This is why we reached the historic conclusion that, as far as economic and social facts go, the 1980's were a lost decade, a decade of backwardness, destruction, and impoverishment.

This sad truth led us to the conclusion that if we were to seriously and responsibly face the crisis and rescue our beloved fatherland, structural changes were unavoidable, that we had to do away with state intervention that had been keeping down the creative spirit of the Salvadoran people.

We were aware of the fact that for these changes to significantly contribute to dynamic and sustained economic development, it was necessary to first stabilize the economy.

This is why during our first three years in government, the government's short term economic policy was centered on creating stability by reducing or eliminating the serious imbalances that were negatively affecting the economy around the middle of 1989, to fight the most unfair and damaging of all taxes: inflation.

This was achieved through structural reforms that have changed the role of the state and released the creative and productive capabilities of the private sector. Results are highly satisfactory because they surpass what had been initially listed as objectives in the development plan, despite the fact that we have had to face adverse conditions that have put limits on our progress.

Let us recall that at the beginning foreign aid was reduced by $50 million, coffee prices dropped to extremely low levels and they have not recovered. Last year the drought severely affected the agricultural and energy sectors and this is the case so far this year also. The war hit our economy severely during the past two years. The recession that for almost two years has negatively affected the United States, our main commercial partner, has limited our efforts to expand our foreign trade.

To this we can add the initial effect of the economic stabilization and reorganization policies that were implemented during the first 18 months of my government. These policies required patriotic sacrifices from all Salvadorans. The objective was to get out of the chaotic situation we were in. The people placed their trust in us because from the very beginning we told them that we were not gods or magicians but hardworking men.

Time has gone by and the fruits of our labor are beginning to appear. In spite of the adverse situations we have had to endure, the Salvadoran people, with a great working spirit and the desire to overcome, positively responded to the liberalization and commercial opening promoted by the government and, as a result of this, the economy grew 3.5 percent in 1991, like the previous year. This is twice its average growth from 1984 to 1989. This shows that the economy has firmly entered a reactivation phase. [words indistinct] the negative impact that the erratic rainy season may have on the coffee crisis, the economy will grow more dynamically in 1992. Considering the peaceful conditions we are building, it is expected that growth will reach the 4.5 percent level.

Inflation, or the rate at which prices go up, has continued to decline. It was 9.8 percent in 1991. This is one-third of the average inflation rate of 1986 and 1987, when there was a broad price control system. This drop in the inflation rate was caused, among other reasons, by a disciplinary implementation of monetary policies, the defeat of significant sources of macroeconomic imbalance, and structural changes that were made.

We view the future with optimism because the inflation rate for the first four months of 1992 shows that the inflation rate is continuing to decline and now is approximately 8 percent annually, the lowest inflation rate in recent history.

In this way, we are achieving growth with stability, a condition that has not existed since before the conflict began. The signs of economic reactivation are visible in almost all the productive sectors. The rates of activity in

each of these—industry, trade, construction, electricity, and transportation—show constant and dynamic increases, while the agricultural sector shows recovery, despite the adverse weather conditions we are still experiencing.

This general reactivation is seen in real terms in the form of increased imports of intermediate production materials and capital, the former needed to meet increased production levels and the latter to increase the efficiency of the productive structure; the registration of over 1,400 new enterprises; new and more varied nontraditional exports; substantial increases in the volume of cargo received at airports and transported by road; increasing levels of industrial consumption of electrical energy; an increase in the production of cement, in response to the increase in construction that can be clearly seen all over the country; a dynamic trade that is rapidly expanding, thus making way for new businesses in the most diverse activities to enter the market; greater levels of private investment and better utilization of existing facilities; and the utilization of some 56,900 more manzanas of land, mostly for growing basic grains.

The economic reactivation that we are all seeing generates new commercial activity, provides great opportunities for improving income, and opens the way for the poorest sectors to progress with dignity through the greatest aid that can be offered to them: a permanent job.

The positive effects of economic reactivation and stability are obvious. The urban unemployment rate dropped from 10 percent in the 1989 to 1990 period to 8 percent in 1991 to 1992, while in the rural area full employment has practically been achieved, to the point where there is a shortage of manpower, especially during the harvest periods.

As a reflection of the growth in economic activity, real per capita income has increased by 1 percent for the second consecutive year, the highest rate in Central America for 1992. With decreased inflation, the basic interest rate declined from 22 to 16 percent in the past year, thereby giving solid support to the national productive process. Commercial banks registered a real increase in savings deposits in the past two years, evidencing a restoration of depositors' confidence. The exchange rate remains stable and private capital, instead of being sent abroad as in the past, is being returned to support our country's productive process.

This is an achievement by all the people, without exception, because all of us contribute our personal efforts daily to improve the country. If we maintain our faith and confidence in our work, as we have done over these years, we will consolidate the process of economic reactivation that we have begun, forging a prosperous El Salvador with work for everyone, and with the harmony that we all desire. Undoubtedly, now that we are at peace and entering a period of clear economic reactivation, with the industriousness of the Salvadoran worker and with full respect for the law and for individual and social rights, our country can become a place that is highly attractive to foreign investment, which in turn, through its financial and technological contribution, will create new employment opportunities and open new commercial frontiers.

The Salvadoran people's efforts to open new trade frontiers is reflected in a 15 percent increase in exports for 1991, except coffee. The results achieved abroad show how El Salvador has diversified its exports and, if the trend continues, this will give our economy more stability and independence. The progress achieved in the economic sphere and the beginning of a new era of peace offer a promising future for El Salvador. But economic progress will be achieved only in the measure that it becomes a factor that allows social development. Since the start of our administration we implemented policies and programs to help break the vicious circle of poverty and create a virtuous circle of economic and social development. This is essential because we cannot talk about social progress if we do not exert ourselves to the utmost to end that inhuman fate that condemns whoever was born poor to die poor.

We must strive to end the abnormal situation of poverty that afflicts a sizable part of our population. We must understand the poverty problem cannot be solved by demagogic actions that only attack its effects and we must sponsor overall programs that go to the root of the problem. The denigrating way some people exploit poverty must end because it has no political affiliation and its shadow looms over human beings who have feelings, dignity, and the desire to overcome their situation. The critical situation of poverty that afflicted two-thirds of our fellow citizens after two decades of constant deterioration because of erroneous political and social policies—worsened by an internal conflict—was revealed when we launched programs needed for economic stabilization and adjustment.

Given the gravity and depth of our social crisis and our lack of resources, the government's efforts were focused on the most needy groups, through compensatory programs, reforms, policies, and programs, to improve the coverage and quality of social services provided by the state and to provide opportunities so low income families may have access to land and production resources. Several compensatory programs have been implemented to channel aid to less favored communities, improve their physical and social infrastructure, and create jobs locally. During its three years in office my administration has implemented almost 10,000 projects with the communities' and municipal authorities' participation, above all programs to train youths, open child care centers, start hydroponic crops, repair schools and community centers, open health centers and sports facilities, pave streets and roads, provide electricity and water, protect the ecology, and build retaining walls.

Most of these projects are the result of decisions democratically adopted in community meetings organized by municipal authorities. The results can be seen by all Salvadorans and the benefits have actually been enjoyed

by the poorest communities. These compensatory programs are bolstered by the Social Investment Fund's programs, which support local plans and offer multiple opportunities to nongovernmental organizations so they may fully participate in the efforts that must be exerted by all Salvadorans to eradicate extreme poverty from our homeland.

We have coordinated efforts among institutions through the National Secretariat for the Family to provide attention to the basic nucleus of our society. This action has received solid support from the private sector. The programs that benefit from this cooperation among institutions include the food program and the program to help the most needy in society, which helps approximately 500,000 Salvadorans. The programs include a maternity and pediatric hospital, school lunches, and care for the elderly. The National Secretariat for the Family has also implemented programs to legalize the ownership of assets, coordinate the construction of housing units, and provide basic services for approximately 4,000 low income families.

The community banks provided benefits to over 6,000 families, most of which are headed by women. In addition, action has been taken to protect women from violence and abuse and protection has been extended to children and adolescent mothers. Defense of the family and of the most vulnerable sectors of society is another major task to which we must all contribute in solidarity, because it is a principle of Christian morality and deep seated social conscience. Soon, through the formal channels of this assembly, you will receive the draft family code law. We hope you will be able to analyze and support it as soon as possible, so that we can have a true means of protecting the foundation of our society: the family.

In an effort to protect the purchasing power of low income workers, the income ceiling for exemption from income taxes was raised from 18,000 to 24,000 colones, which meant an increase in disposable income. The minimum wage will be increased 7 percent beginning in June, the first increase in real terms in many years.

Within the government's socioeconomic development plan, the education, health, and housing sectors have been identified as priority areas because they are the best paths for achieving overall development. In these key social areas, the government's policy placed its emphasis on the basic level, since this primarily benefits those with the lowest incomes and people from rural areas.

In this way, we are providing progressive justice that extends to the majorities instead of the retrogressive injustice that favors a few, as was the practice in the past.

In 1991, we implemented the (Educo) plan which, with the participation of parents and the organized community, is providing kindergarten and first grade education in the country's 68 poorest municipalities, especially in rural areas. (Educo) is benefiting almost 52,000 children, who formerly had no access to education. It is helping to improve conditions for students to become more easily integrated into the educational process and for parents, community, and teachers to have a common interest in the children's education, thereby reducing the school failure and drop out rates that condemn human beings to ignorance and poverty.

Through changes in the manner in which the state provides educational service, the rehabilitation and construction of classrooms, the reassignment of administrative personnel to teaching positions, and the incorporation of new teachers, the government is making an effort to improve the quality and scope of education for the benefit of those who truly deserve all our attention: the children.

In the health area, the government policy also emphasized the basic level, the health centers, where preventive treatment is provided to the poorest communities. There our medical assistants [promotores de salud] and practical midwives play a key role in improving the health conditions of those who have no economic resources. For this reason, the Public Health Ministry changed medical assistants from working on temporary contracts to permanent employment, and is increasing their numbers. The midwife service has been expanded and rural homes for mothers have been established to aid mothers who have no support. Various vaccination campaigns also benefited thousands of children. Over 80 percent of the applicable percentage was reached, which earned El Salvador recognition at the Latin American level.

Thus, the state's subsidiary health service has also become a tool for improving the living standards of our poorer brothers. In 1991, for the second consecutive year, over 23,000 houses were built, thereby doubling the usual private sector production. To do this, the financial sector invested over 700 million colones, which was also a record.

The construction sector also experienced a 10.9 percent increase as a direct result of an adequate financial policy toward the housing sector. A 5 percent increase in the home owning population was registered the same year. This means more than 50,000 new families now own a house. Regarding the most important institutional achievements, the recent approval of a law creating the National Fund for Low Income Housing and the National Real Estate Registry represent the most important instruments of our housing policy. More than 1 billion colones in public investments have bolstered our economic growth, generated jobs, and provided income for thousands of workers. This helps improve the living standards that prevail in our country. The impact of properly managed public investments has quickly become evident, given the results achieved through programs to build houses, build or repair schools and health centers, repair streets and roads, build water tanks, install drainage systems, build pedestrian crosswalks, improve water and electricity services, and install new private and public telephone lines for public benefit.

We are implementing an overall economic and social development program. This allows us to establish the groundwork to solve the social problems that have afflicted our country for many decades and that were used to justify the violence we suffered for more than 12 years. We are breaking the chains of poverty by making structural changes in every sector. That is why we always said the National Reconstruction Plan [PNR] must be considered an extremely important plan, but it must be carefully coordinated with the government's development plan to avoid creating unstable situations and losing whatever progress we have achieved. The PNR is the instrument that will help people and areas that have been affected the most by the conflict. It will bolster the national reconciliation process by creating economic and social conditions so members of our society may return to its fold. The Economic and Social Development Fund will have the important task of creating the conditions for the Salvadoran people's overall development under equal conditions.

Achievements in the political, economic, and social sectors have been significant throughout these three years. The Salvadoran people have undoubtedly played the most important role in the construction of a modern El Salvador with deep social and democratic convictions and respect for the law and justice. We all began to forge this country in mid-1989. Our efforts to improve ourselves have earned international recognition and support. This has been stated in different forums, particularly during the consultative group's meeting in March in Washington. We thank international organizations and friendly nations for the support they give us in this important and historical moment. We have achieved all this thanks to our people's trust and support, which we hope to receive when we embark on the lofty task of consolidating the peace process, rebuilding the country, and achieving social and economic progress for all the Salvadoran people.

We must understand that we have a long way to go, although we have achieved progress. Extremely critical problems, including the deterioration of our ecology and its subsequent impact on the generation of energy, are a current issue. We are working to find overall solutions and to provide for our future. The positive thing is we have already started an earnest economic reactivation process that will benefit everyone. We have embarked on the correct road for our modernization. This will prepare us to adequately face the challenges of the 21st century. Today we can proudly state we have recovered most of our economic independence. We have recovered international respect at every level. Depending on our efforts, perseverance, work, and solid cooperation, we will be able to achieve more progress in peace and fully enjoy freedom so we may forever eradicate extreme poverty and violence from our beloved El Salvador.

For the first time in its history, El Salvador has a [word indistinct] open to the future. Salvadorans are forging a new country. This, of course, elicits hope but also generates uncertainty.

The time is right to launch the finest rallying cry in our time: Modernization. We have to modernize our political, economic, social, and especially our educational and cultural fields. Our modernization also requires that we effectively and actively restore morality in our national life. We must totally abolish old and fatal scourges like corruption, political influence peddling, ideological intolerance, and extreme radicalism. If we do this, we will have a country where we can all coexist with due respect for the law and recognizing the legitimate rights of others.

The government has the responsibility of securing these conditions and we will act firmly against anyone trying to break down our constitutional framework. We want El Salvador to be portrayed as a modern and peaceful country. Our people deserve a better future and they deserve to live in a civilized manner.

The surprising shift from a fratricidal conflict to a negotiated peace, which was achieved by Salvadorans recently, has had a positive impact on the world and on us. The country now has a two-pronged challenge: to develop peace and to achieve development. We can achieve these goals if all Salvadorans work together and if we place the stoicism we developed during the war at the service of peace.

Honorable Assembly: Our last words today are to express respect and cordiality to all the political factions represented here by the will of the people. The politicians must set the example at this stage of reconciliation. The people deserve and demand that we work for them beyond any circumstantial situation. We must share the responsibility in the patriotic work that lies ahead. The consolidation of peace and the nation's democratic advancement depend, in large measure, on our attitude from now on. May God enlighten us and may He bless El Salvador. Thank you. [applause]

Politicians Say 3d Year 'Negative'

PA0206230992 San Salvador Radio Cadena YSKL in Spanish 1200 GMT 2 Jun 92

[Text] The Christian Democratic Party [PDC] and the Democratic Convergence [CD] have described President Alfredo Cristiani's third year in office as negative, as they consider that his economic program has not yielded the results expected by the vast majority.

Dr. Ricardo Acevedo Peralta of the PDC and Juan Jose Martell of the CD agree that for the last three years the country has become more independent with regard to its exports but the fiscal deficit has not been overcome and 70 percent of the population live in extreme poverty. The two politicians pointed out that the imposed economic model has had serious difficulties and its implementation has generated problems that have resulted in unemployment and a high cost of living.

As for the positive aspects, the two legislators pointed out that peace was the only achievement that was

reached. Internal and external pressure led the government and the Farabundo Marti National Liberation Front to signing the Chapultepec Agreements.

Civil Defense Corps Dissolved 31 May

PA0206220392 San Salvador EL DIARIO DE HOY in Spanish 31 May 92 p 4

[Text] Local commands of the Civil Defense Corps have become complaint offices for their respective communities and often receive and act on requests for wheelchairs from needy people and file reports on assaults, robberies, and other crimes.

After 12 years of combating common crime and subversion, the Civil Defense Corps was dissolved in keeping with the peace agreements signed between the government and the Farabundo Marti National Liberation Front [FMLN] in January in Chapultepec.

The demobilization started on 27 May with the discharge of paramilitary troops in Aguilares; Guazapa; Ayutuxtepeque; and Cuscatancingo, north of San Salvador, under the supervision of the UN Observers for El Salvador.

Civil Defense Corps members surrendered weapons, olive green uniforms, equipment, and other materiel, leaving security duties in the towns to the National Police.

"The Civil Defense Corps was created to protect communities from FMLN attacks," said General Juan Orlando Zepeda, deputy defense minister, during the demobilization of paramilitary troops in Ilopango, Apulo, Soyapango, and San Martin.

The military leader recalled that the communities themselves demanded the creation of the Civil Defense Corps, which is made up mostly of former soldiers.

"We endured hunger and cold during the war and many of our companeros died or were disabled by gunshot wounds," several paramilitary troops said.

The demobilized paramilitary troops believe that their futures and those of their families are uncertain because they feel neglected, despite the work they performed in the communities.

Some former bosses are recommending them for jobs but other paramilitary troops will attend Army workshops to learn a trade. They will earn no salary during training.

"In other countries we would have a government pension for being war veterans but not here," several paramilitary troops complained during a "farewell luncheon" on 31 May near Ilopango Lake.

There were more than 260 Civil Defense Corps commands throughout the country, made up of at least 15 paramilitary troops led by a sergeant.

Only the noncommissioned officer earned a regular salary because he was under the authority of the military unit nearest him. The others were paid from monthly contributions made by area residents.

A committee of residents operated within each local command. This committee was tasked with managing funds and distributing salaries, which were not higher than 900 colones, among the troops.

The Corps organized themselves to provide services in areas such as "entrance control," "dormitory and other installations," "food" services, and other military services.

They conducted evening patrols in the neighborhoods to reinforce the work of security guards or to cover for the lack of them.

"The FMLN demanded handouts for its "former combatants," but no one remembers us, only certain communists, who slander us," some former paramilitary troops complained.

FMLN Commander on Arrest by Security Forces

PA0206143292 San Salvador Radio Cadena YSU in Spanish 1800 GMT 1 Jun 92

[Text] On 1 June, the Farabundo Marti National Liberation Front, FMLN, reported that the National Police had arrested one of its members. The FMLN reported that Commander Francisco Veliz of the FMLN political committee had been arrested by policemen at Colonia Zacamil last week. The guerrilla leader said he was arrested because he said he was an FMLN member.

[Begin Veliz recording] I was arrested by plain clothes men. They arrested me in a violent manner. They held me incommunicado for approximately eight hours and did not let me contact my family, my organization, or the ONUSAL [UN Observers for El Salvador] representatives. I was subjected to a political interrogation. It was not violent but it was illegal. This incident means the security corps have not changed their attitude. A person should not be subjected to any type of police reprisal just because he says he belongs to a certain political organization, but this still happens in this country. I was arrested and taken to a security installation when I said I was an FMLN member. The men who arrested me were not too violent. When they arrested me and took me by force, I told the people in the area my name and political affiliation in an attempt to [words indistinct] in case something happened to me. This is certainly what I feared. [end recording]

The guerrilla leader questioned ONUSAL's participation in this incident and called on the mission to take a more active role in the peace process.

[Begin Veliz recording] ONUSAL should verify incidents more quickly. I did not see any ONUSAL representative at the headquarters [word indistinct] installations. I was not able to meet with them at any other time either. I asked several prisoners in these installations

what they knew about ONUSAL and when they expected the ONUSAL representatives to arrive. They told me they had never seen an ONUSAL representative. [end recording]

While he was at the National Police detention center, the rebel leader was able to observe how policemen handled common prisoners.

[Begin Veliz recording] The prisoners are treated violently. For example, 80 to 90 percent of the prisoners—most of them are young—at the detention center said they had been arrested in a very violent manner. [end recording]

Francisco Veliz confirmed he was released after a 200-colones fine was paid. He also evaluated the work done by President Alfredo Cristiani in his three years in government. He said the work by the president had contributed significantly to the peace process in the country.

[Begin Veliz recording] We think President Cristiani's government stumbled into a very special moment in our country's history. It contributed to the peace process—and we admit this—in the sense that it [words indistinct] the negotiating process. We also know the process is being conducted amid serious internal differences. However, we believe the government's role is to take the process a step further. Mr. Cristiani should have a more positive attitude and be more decisive in complying with the agreements. It is not enough to have good intentions. To say there are too many pressures and internal differences is no excuse. It is important for the government to assume a firm attitude and comply with the agreements. That is my opinion regarding the peace process.

Regarding the government's work in general, the Cristiani government has undoubtedly made changes. For example, there have been changes in the economic field. We have noticed how the government cites statistics that indicate economic growth and reports that our international reserves have increased and that we are now in a better position to obtain credit, and so on. However, this information contradicts the reality we see on a daily basis: beggars in the streets, poverty in the shantytowns, and high unemployment rates. Thus, the alleged economic advances have not meant that the entire nation has advanced economically. [end recording]

Francisco Veliz stressed that the government is making economic strides that only favor a small group in the country. He added that an ARENA [Nationalist Republican Alliance] type government can perhaps resolve macroeconomic or specific problems but not problems of a national scope.

Guatemala

Defense Minister Opposed to Army Reduction

PA0206171992 Guatemala City PRENSA LIBRE in Spanish 1 Jun 92 p 38

[Text] National Defense Minister General Jose Domingo Garcia Samayoa said on 31 May that he is opposed to a reduction of the Army, which has 45,000 troops, even if the civil war in the country comes to an end.

I believe the Army will need reorganization, but not reduction, said the high-ranking military officer. He said the Army is the only institution that can carry out any serious projects to benefit the country. Garcia Samayoa pointed out that after a peace agreement is reached, the Army will increase its participation in building roads, fighting drugs, protecting the environment, and teaching activities in remote areas.

The 31-year-old war—the last one in Central America—can come to an end only if there is a simultaneous offensive of the military forces and political negotiations, Garcia Samayoa said.

He also denied there was any possibility of a military coup d'etat against the government of President Jorge Serrano. The days of military intervention are over, he concluded.

Army 'Regrets' Attitude of Peasant Organization

PA0206204192 Guatemala City SIGLO VEINTIUNO in Spanish 30 May 92 p 3

[Text] "The Guatemalan Army regrets that the Peasant Unity Committee [CUC] is trying to manipulate the political constitution of the Republic, because it is the supreme instrument that rules our society where the honor and dignity of social organizations have full support."

The above is included in a communique issued by the Information and Press Department of the Army (DIDE). It refers to the CUC advertisements published on 22 May and 25 May in several newspapers.

"This is not a matter of distorting a fact, because the CUC is stubborn when it comes to making unnecessary remarks about the goals of that organization," the communique adds. [sentence as published]

"The Guatemalan Army has not questioned at any time the constitutional right of freedom of association, as the CUC seeks to do. The only reason for such a poor argument would be to get the national and international public to believe the CUC is an innocent victim of a plot that does not really exist," the communique notes.

The communique adds that the Army wants to state the truth to clarify the complicated language used by the CUC to confuse the peasants.

"The CUC is disrespectful when it points out that the attitude of the national defense minister is hostile and irresponsible when he says that the CUC is the political and ethnic wing of the Guatemalan National Revolutionary Unity, because there is plenty of evidence to back that statement." the communique emphasizes.

The Army points out that the statements made by Ricardo Ramirez de Leon, also known as Commander

Rolando Moran, to Marta Harnecker—statements that are included in the book "Peoples in Arms" [Pueblos en Armas]—confirm what the defense minister said.

Meanwhile, the DIDE document says that within the negotiating process there are some political opportunities that are necessary for rejoining a life with equal rights and obligations.

"What the defense minister was referring to is the legitimate right of all organizations that change their status to participate legally in the national political life"

The communique adds: "It is not right to say that the CUC will obtain legal recognition once there are guarantees for the lives of its leaders and of the members of the organization and their families, and once repression comes to an end throughout the country, because dialogues and negotiations are underway to seek peace and understanding. Have they not voiced their ideas already?

"It is time we begin to mature and abandon the political prejudices that have kept us in a backward state for many years. The Guatemalan Army advocates the reconciliation of all Guatemalans," the communique concludes.

Honduras

* IHCAFE on Impact of Coffee Crisis

92CA0147B San Pedro Sula TIEMPO in Spanish 13 Apr 92 p 2

[Text] The international crisis in coffee prices will be reflected in the country this year. Honduras will have a shortfall of $100 million in foreign exchange earnings, while among growers—some 60,000—a critical increase in unemployment is foreseen in rural areas, which will affect education and health standards.

This dramatic situation is described in a report titled "Economic and Social Impact of the Coffee Growing Crisis" prepared by the Honduran Coffee Institute [IHCAFE] in March 1992.

Coffee is the most important activity in the Honduran economy because of its contribution to the gross domestic product, the value-added tax, the generation of foreign exchange, and employment and its impact on the distribution of income, because there are more than 60,000 growers, according to the report.

However, since 4 July 1989, when the system of quotas was suspended and a free market began to operate, prices have dropped to the lowest levels in the last 20 years because of the imbalance between supply and demand, which affects not only Honduras, but other producing countries as well.

For Honduras, this imbalance has represented a loss in the generation of foreign exchange from exports; prices for a quintal of coffee of 46 kg registered an average value in 1988-89 of $117.46; in 1989-90 it dropped to $69.91; in 1990-91 it rose to $78.39, but in 1991-92 (on February 15) it fell to $67.86.

The report points out that even if the average per quintal was $117.46 in the crop year 1988-89, the impact was greater in the following year, because even though exports increased by 18 percent, foreign exchange earnings fell by $66.3 million, equivalent to a reduction of 30 percent.

For the crop year 1990-91 the average international price increased $8.48, but for the present year the price fell to the lowest level in the last 17 years.

Therefore, assuming a stable price of $110 per 46-kg bag, the foreign-exchange loss in 1989-90 on an exportable crop of 2.2612 million bags would have been $90.6516 million.

For the period 1990-91, with an exportable crop of 1.8613 million bags, the loss in foreign exchange would have been $58.8384 million. For 1991-92, with an exportable production of 2.3701 million bags, the loss of foreign exchange will be $100.1516 million.

The IHCAFE points out that of this $100.1516 million that will not be earned by the end of the crop year, the shortfall to date is $23.5 million, in addition to a fiscal loss of approximately 19 million lempiras due to the recent reduction of the export tax.

Social Impact

The study indicates that the negative social impact is now being felt by the coffee growers in all its magnitude. "If the profits per section received by the coffee growers are examined, the results show that a technically qualified grower who has invested 8,650 lempiras per section is obtaining a net profit of 1,350 lempiras.

"The profitability one sees is so low that it cannot be a stimulus to maintaining present levels of productivity and production because investment in other economic activities is more profitable and, therefore, more attractive for investment," the report points out.

It added that the situation of the small grower is no less dramatic because, even though his costs are less, his productivity is very low and the net profit per section is about 456 lempiras, which places the grower and his family on the doorstep of real misery.

The report says that of a rural population of 2.8275 million, an estimated 467,000 are members of coffee-growing families, which means that the country's coffee-growing families constitute 17 percent of the rural population.

In the present crop year, based on an estimated 2.5 million bags of effective production, seasonal employment has created 424,000 paid jobs for the rural population and some 594,000 jobs for the employment of family labor, the report said.

Employment has increased during the crop year, and it is estimated that growers paid 202.5 million lempiras just to bring in the harvest.

Because prices are the greatest stimulus to production and the use of technology, the condition of low prices will have the opposite effect on production and the improvement of productivity. Thus, we will see a significant reduction in rural employment.

According to IHCAFE, "the crisis will cause a reduction in the use of technology, which, in coffee growing, is in direct relation to employment. Therefore, it is foreseeable to expect unemployment to increase in rural areas during the next crop year, according to official demographic estimates. Invisible rural unemployment, which is at 39.2 percent, can be expected to become more critical in 1992".

The report also points out that because coffee growing is one of the few and, until now, the only sure source of monetary income for the bulk of the coffee growing population, the significant income reduction that the sector is experiencing will affect the standards of health, nutrition, and general welfare of the population.

Even the state health services, which under normal conditions are insufficient to provide adequate care for the entire needy population, will be hard-pressed by a population that before could go to private health services.

Other Effects

IHCAFE emphasizes that depressed prices will have a number of effects on the national economic situation and on the coffee producing sector, but some of the more obvious will be: a decrease in the growth of the productive sector, an impact on the banking system, a significant reduction in demand for credit, less use of agricultural technology, a reduction in production and productivity levels, and increases in the country's vulnerability in quota negotiations and rural unemployment.

Emergency Measures

To counteract this situation, IHCAFE proposes using 10 million lempiras from the Credit Fund deposited in the Central Bank by the Program for the Improvement of the Small and Medium Coffee Grower for the establishment of a start-up program of credit for fertilizers.

The program can operate with 10 million lempiras, and credit will be guaranteed by a fixed-term note to be paid at the end of the harvest.

It is believed that the present rate of interest, 17 percent, should be maintained in the operations of the Program for the Improvement of the Small and Medium Coffee Grower.

It is also felt that a reserve fund should be created to absorb nonrecoverable loans that the grower has pending payment with the IHCAFE. Mechanisms for removing the debt could include cancellation of the debt with discount, total or partial forgiveness of the debt, and payment rescheduling.

However, the coffee growers' hope is that, through the International Coffee Organization, the quota system returns so that depressed prices can rise.

Nicaragua

Vice President Discusses Presidency, U.S. Aid

PA0206184592 Managua Radio Corporacion in Spanish 1530 GMT 1 Jun 92

[Interview with Vice President Virgilio Godoy Reyes by an unidentified reporter at the Radio Corporacion studios in Managua; date not given—live or recorded]

[Excerpt] [passage omitted] [Reporter] Let us discuss a topic that concerns the country. Let us talk about the nonobservance of the law by the Presidency itself. The people are talking about this and we have heard an announcement coming from Washington saying the U.S. Congress has decided to suspend or freeze its aid to the Nicaraguan Government. The Sandinist media are now telling the people that if anything happens here, the person responsible is the president of the National Assembly, who admitted he gave information to U.S. diplomat Jeane Kirkpatrick regarding the use of funds given to Nicaragua by the United States, funds which are being used to benefit the Sandinist leaders.

[Godoy] We are talking about ill-intentioned people here. Clearly the president of the National Assembly should not be blamed for what is going on. The person responsible is Presidency Minister Antonio Lacayo as well as those who have supported him in his adventure at the Presidency since the government took power. To say it differently would be the equivalent of saying the gringos are not only naive, but stupid. I do not think this is the case at all. The United States has people here who can provide their country with direct information on what is happening. The AID office in Managua is huge. They also have a large embassy here and they have other means of collecting information on what is going on in Nicaragua.

Therefore, it would be foolish to imply that Alfredo Cesar's comments to Jeane Kirkpatrick, who in turn wrote a newspaper article, are the real reason behind all this. Actually this is all taking place because the U.S. Government—not only the executive branch, but also the U.S. Congress—has learned that the resources it has invested in Nicaragua in the past two years are not yielding the proper results. Not only are the funds being used improperly, but they are also being diverted to those who were the most ardent U. S. opponents throughout the previous decade.

I have pointed this out, and I am going to repeat it so it is clear. The root of this evil lies in the administrative ranks of the Nicaraguan Government when Engineer Antonio Lacayo signed the so-called transition protocol with his current associate, General Humberto Ortega. This is well-known and there are people who claim the document does exist but no one has seen it. This agreement led to the approval of a package of laws between 25 February and 25 April 1990. These laws practically undermined the government's authority and left power in the hands of those who should have formally turned over power on 25 April as a result of their losing the elections.

That explains the current situation in Nicaragua. No one was surprised to see Mr. Lacayo traveling to Washington holding hands with Daniel Ortega and saying in the U.S. capital that this government is nothing more than the continuation of the previous one. In a way he was saying: I have come to ask for assistance and I have also come to say that nothing has changed in Nicaragua and that everything is the same. We continue to be Sandinists.

Under those conditions it was reasonable to expect the Americans to say: How nice and clever this boy is! He has come to tell us in our faces that we are idiots and to discourage him from saying that again we are going to double the aid. It was logical for the United States to react. What happened? A warning came right after that. It was like a small bell ringing or a slight tap on the door. The $28 million the U.S. Government deposited in New York banks for Nicaragua's immediate use was delayed. It was delayed for two weeks. Two weeks for a government that eats what it harvests right away is serious because there are urgent bills to pay. The government did not heed the warning, however, and the Presidency minister insisted in saying, give or take a few words, that this government is the continuation of the previous one. He said he was pleased with his relations with General Ortega and that both of them make up the team that moves the current government. The situation that emerged was almost inevitable under those circumstances. What the National Assembly president did—and I am not defending him—was to give a warning that this could happen if the tone did not change. The tone has in fact not changed and now you see the consequences. I do not believe the aid has been suspended. I believe the U.S. Government is withholding the aid and waiting for a reasonable reaction from the Nicaraguan Government before it can be offered.

[Reporter] The letter from the U.S. Congress was sent to Presidency Minister Antonio Lacayo, not to President Chamorro.

[Godoy] That is because Lacayo has even stripped the president of her formal attributions and has taken the job for himself. He has left the president with the task of greeting the first mother on 30 May [Nicaraguan Mother's Day] or holding a party for children at the Plaza de la Republica. That is all fine, but it adds no substance to the work done by the president. [passage omitted]

Argentina

President Menem Departs for Guatemala 2 Jun

PY0206173092 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1602 GMT 2 Jun 92

[Text] Buenos Aires, 2 Jun (NA)—President Carlos Menem departed at 1250 [1550 GMT] for Guatemala, where he will meet with his colleague, Jorge Serrano.

The TC-91 plane took off from Ezeiza International Airport with the Central American country as its destination. The president did not make any remarks.

Menem Proposes 82-Percent Increase for Retirees

PY0306035692 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2202 GMT 2 Jun 92

[Text] Buenos Aires, 2 Jun (NA)—President Carlos Menem today announced that the government will pay "as soon as possible" an 82 percent adjustable increase to retirees throughout the country, should Congress fully approve the bills on social security reform and on privatization of the Government Oil Deposits (YPF).

In an unexpected speech broadcast at noon by the official radio and television network, President Menem asked Congress to "study, understand, and approve" both initiatives. He warned that "any improvised change" in those bills will force him to veto them.

The message was recorded this morning at Olivos residence and broadcast a few minutes after Menem's departure for Central America, from where he will return next Friday night.

The president gave a lengthy recount of the process experienced by the salaries and pensions of retirees from the time he took power to date, and said: "Thanks to the support and efforts of the Argentine people, we have reversed that depressing situation."

He added that now "we must truly and finally resolve the problem of retirees, but trying to do so within the framework of an exhausted regime and without pinpointing the origin of resources is either ignorant irresponsibility or cheap demagoguery."

"To resolve the problem of the retirees, those of today and tomorrow, we must adopt profound solutions," he said.

He went on to say: To achieve this, I am giving "precise instructions just before leaving for Central America, so the bill on the new social security policy can be submitted to Congress immediately."

Menem added that the three elements that are "essential for resolving this problem once and for all" are "reform of the social security policy, the flow of resources, and capital stock."

Regarding the flow of resources, he said tax collection in May achieved a surplus of $160 million, and a $600 million surplus is expected in June.

"With these projections I have ordered that no new tax be created in the new social security law, but that adjustments be made to the VAT [value-added tax] and the tax on profits, to improve it by transferring all that surplus to the social security system," he said.

Furthermore, he announced that the result of YPF's privatization, "the portion that goes to the nation will be sent entirely to the social security system."

"This will help honor pre-existing debts, rescue titles, and above all, guarantee any future contingency. This component guarantees that any commitment assumed today will be fulfilled tomorrow," he said.

He said that the most important effect of both measures is "to immediately begin payment of an 82 percent adjustable increase for all retirees and to enhance the entire system for the future because we would no longer generate debt again by not fulfilling the legal adjustment."

"To put it very clearly: If both laws are approved, we could pay the 82 percent legal adjustable increase to all retirees," he said.

After expressing hope that Congress will approve those laws, Menem said: "Each peso resulting from those bills that is sent elsewhere for other purposes is another peso that will be taken away from retirees and pensioners."

He warned: "For this reason, any improvised change of the bills, one of which is already in Congress and the other of which we are sending, will force us to veto them and would leave us without law, without reform, and with no solution for the retirees."

Menem added that once these laws are approved, "with the revenues of the following month, all retirees will be paid the legal adjustable increase."

He also urged "all Argentine businessmen—especially those who have not fully understood their full and absolute obligation to pay their taxes—to make efforts and meet all their social security obligations."

To the retirees and pensioners and "to the Argentine people," he asked that they "become controllers of the tax payment obligations of those who have to pay their taxes."

Menem then said: "Congress has the final word."

The presidential message was released 24 hours before a new march announced by sectors that group retirees and pensioners to complain about the situation of retirees.

Yesterday, Menem considered "a utopia" the possibility of increasing the minimum retirement salary to 450

pesos as demanded by the organizations of retirees and pensioners who called for a march scheduled for tomorrow.

Economy Minister Discusses Economic Situation

PY0306015292 Rio de Janeiro Rede Manchete Television in Portuguese 0030 GMT 1 Jun 92

[Interview with Economy Minister Domingo Cavallo by Fatima Turci in Buenos Aires on the "Special on Argentina" program; date not given—recorded]

[Excerpts] [Turci] How do you, the person who managed to tame Argentina's economy, feel? Was it your mission, as a Catholic, to streamline completely the Argentine economy?

[Cavallo] Well, the inflation problem was very serious and needed to be resolved. We needed to exercise fiscal discipline and streamline the Argentine economy. We managed to curb inflation to a great extent under President Carlos Menem's leadership, by following the clear path he set for Argentina's economic policy and with the support of the people, which is so necessary. We must still work very hard, however, to consolidate these results and make stability permanent in our country.

[Turci] Your economic plan has been in effect for one year in April. Do you believe you have basically fulfilled the goals during that time?

[Cavallo] Yes, we have achieved our goals. I want to point out, however, that this is not my plan; it is President Menem's economic policy that was implemented approximately three years ago. It has undergone various phases. In 1990 particularly, and during the first months of 1991, we made an effort to reduce government expenditures nationwide, as well as at the provincial level. Moreover, in 1991, we adopted a very firm stabilization plan in order to eliminate inflation. If we had not made these fiscal adjustments, reduced public expenditures and privatized public enterprises, and collected the 1991 taxes, our stabilization plan would not have been successful.

[Turci] Are you actually implementing the plan to reduce expenditures and punish tax evaders?

[Cavallo] Yes. Right now, we have a clearly defined budget that limits the national government's expenditures. But, as we have a federal system, the provinces administer a significant proportion of public expenditures, especially those earmarked for education, health, social security, and justice. Therefore, we need the provincial governors and the provincial legislative branches to support the federal government's efforts. For this reason we are in constant contact with the governors. Moreover, we have been using a series of national economic policy tools, ensuring that the provinces also apply the same austerity policy that is being applied at the national level.

[Turci] The adjustments implemented by your plan are, in truth, one of the most criticized points of your plan; that is, lack of financing for social areas such as education, health, and housing. Isn't the social cost of this plan very high?

[Cavallo] No, the high social cost resulted from the huge imbalance in the Argentine economy in 1989 and early 1990. Don't forget that in July 1989, when President Menem came to power, inflation was running at 200 percent a month and 8.4 percent of the economically active population was unemployed. At that time, people could not acquire any goods and supermarkets were being looted. This is when we paid the highest social cost. The unemployment rate was high and salaries were extremely low, about $70.

[Turci] By comparison, what is the current unemployment rate and salary level?

[Cavallo] For example, pensioners in Argentina now have a minimum salary: a low of $150. Pensioners receive an average of $200 and active workers earn an average of $400. Moreover, unemployment, which in July 1989, or rather in May—because the research is carried out in May and October—1989, amounted to 8.4 percent, dropped to 5.3 percent in the metropolitan region in October 1991. We are conducting another poll this month and believe that the unemployment rate will be even lower; in other words, a total of 400,000 job opportunities have been created in two years which has allowed the unemployment rate to drop. Salaries have improved, thanks to economic stability. Consequently, the consumption of widely used consumer goods and those used by the middle and upper classes have increased greatly.

In other words, the widely discussed issue of social cost belongs to the past. When inefficient economic policies were implemented, money was wasted, a lot of money was printed, triggering inflation and recession, Argentina gave birth to the poverty you currently see in the neighborhoods of Greater Buenos Aires and many cities in the interior. Poverty does exist, but looking at statistics, one can see there was greater poverty in mid-1989 than there is now. We have started to improve, thanks to the climate of stability, which resulted from streamlining the public sector; to economic reactivation, which resulted from stability; and to investments, which are starting to appear now that capital is being invested in Argentina instead of being drained away. [passage omitted]

[Turci] In addition to the fact that foreign capital is again being invested in Argentina, businessmen here should also make investments, especially in the production sector. Do you think you are going to convince local and foreign businessmen to invest their capital in Argentina?

[Cavallo] Yes, we strongly want Argentine capital abroad to return to our country and to attract foreign investments because, for an entire decade—practically since 1981 until just recently—the public sector made no

investments, none in the electricity, transportation, ports, and telecommunications sectors. Neither did the private sector make any investments. No investments were made in industry, agriculture, mining, forestry, and fishing sectors. Practically no investments were made in Argentina.

Now, the private sector has started to make investments. Businessmen in industry, agriculture and livestock, fishing, forestry, and mining sectors have begun to invest. We are constantly visited by businessmen wanting to invest, for example, in the automobile industry. There are also the investments resulting from the privatization process. These investments are made not simply to purchase enterprises, but also to increase their capacity.

[Turci] How about new installations?

[Cavallo] In the electricity field, for example, the first thing companies purchasing electric plants do is to modernize them and increase their generating capacity with investments that increase the productivity and the availability of generating plants. In the future, new electricity generating plants will be built. The same applies to oil, gas, transportation, and railroad sectors. Privatization is designed not only to provide the state with funds but basically, to make way for private investors in fields that are necessary in Argentina such as electricity, gas, oil, and transportation.

[Turci] The Argentine economy today is one of the most open in the world. This is a positive step but, on the other hand, some businessmen complain about the excessive amount of goods that are imported, especially as the economy is based on the dollar. Are you planning to adjust the exchange rate to resolve this problem?

[Cavallo] No, we are not planning any adjustments to the exchange rate because our monetary system necessarily ties our currency to foreign currencies; in this case, to the dollar, and in a very effective manner. In the Central Bank, we have deposited one dollar for each peso in circulation. Therefore, the people can rest assured about the value of the peso; it is not an arbitrary value set by the government, but an intrinsic value. We have deposited the dollars to back the pesos in circulation.

Regarding foreign competition, we are eliminating obstacles to domestic production and high production costs that did not allow domestic producers to compete with foreign producers. We want to increase our competitiveness. Currently, our economy is much more simple than in the past; there are less obstacles to production and trade. This greater freedom, which, naturally, helps businesses grow and allows greater efficiency, also demands more from the producers because they must offer good quality goods at the lowest prices possible on the market in order to compete.

We believe that in Argentina, as well as Brazil, the business sector is capable and not afraid of competition. Obviously, if the government protects them excessively, they are going to take advantage, but I am certain that in a competitive field, such as the one we are creating in Argentina, those businessmen will be successful because they will be capable of producing more and better quality goods at increasingly lower prices and costs.

[Turci] Didn't the business sector pressure you not to completely free the economy? Your plan had a political foundation and you managed to get Congress to approve all the measures. As you are aware of the similarity of Latin American problems, you must realize that what you have managed to do has no precedent. How did you do it?

[Cavallo] Through dialogue, persuasion. President Menem's gift for communicating with the people helped greatly because the important issue is to have the support of the man on the street, housewives, workers, and youth. But we also maintained an intense dialogue with Congress. In 1991, I spent at least 30 percent of my time, of my working hours, at the Chamber of Deputies and at the Senate discussing each and every one of the laws we had to pass. I am convinced, however, that it is the duty of the political class and the political system to implement all these changes in the rules of the game. [passage omitted]

[Turci] I would like to talk a little about Brazil. In your opinion, what similar problems are Argentina and Brazil currently facing?

[Cavallo] Their problems are quite similar. In Brazil, the problems are a little more complex because Brazil has a larger percentage than Argentina of needy sectors in rural areas as well as in the large cities. The two countries have many common problems, however; for example, you also have a federal system in which the states play an important role. In Brazil, as well as in Argentina, the federal government as well as the state governments were not very strict in the past. On the contrary, I would say they were fiscally undisciplined. As in Argentina, Brazilian businessmen were accustomed to a protective system and many subsidies granted by the government. These subsidies are not for the poor, but were earmarked for the rich. Therefore, in my opinion, Brazil needs to carry out fiscal adjustment at a federal government level and at a state level. I have always maintained that Brazil is currently enduring a situation similar to the one we experienced in 1990.

[Turci] Do you mean that we have not implemented the appropriate measures?

[Cavallo] No. Brazil needs to step up its fiscal adjustment, although it is on the correct path. President Collor is clearly aware of what Brazil needs and Marcilio [Economy Minister Marcilio Marques Moreira] and his team, technically speaking, know what Brazil needs. The problem is that Congress and the state legislative branches must support a task that is not easy. We believe Brazil will be successful. Personally, I believe that in the economic, political, and social field, Brazil's situation is more complex, a little more difficult than Argentina's.

But Brazil is a hardworking, capable country, and it has a very good leadership. I am certain that Brazil will also manage to streamline and stabilize its economy and resume its growth.

[Turci] Do you believe this stability will be achieved in the short term, without affecting the Mercosur [Common Market of the South] integration agreement?

[Cavallo] The Mercosur integration agreement will not be affected because Brazil and Argentina have the political will to implement this agreement. Moreover, the people know that integration is good for our countries. There is also an automatic mechanism to reduce obstacles to trade that is and will continue to be implemented.

The most difficult thing, and we were all aware of this, is coordinating our macroeconomic policies. But we are certain that as soon as Brazil achieves a greater fiscal balance and starts to enjoy greater stability, it will be easy to make our macroeconomic policies compatible so that we can achieve the goals established to get Mercosur functioning. If there is some delay, it will not mean failure because, as you know, Europe set ambitious goals—some of which took a little more time to achieve than estimated—but it has been successful. We have to do the same thing with Mercosur.

[Turci] What role do Brazil and Argentina play within Mercosur?

[Cavallo] Well, if we compare ourselves with Europe, I would said that for Mercosur—I would say, more than for Mercosur, for Latin America—Brazil and Argentina play the role played by Germany and France in Europe. Only after Germany and France, which, historically speaking, competed with each other, agreed to create the basis for a common market and their governments, from a political point of view, carried out the economic integration plan, did it become reality for almost all of Western Europe and, currently, a large portion of Central and East Europe. In other words, Brazil and Argentina shoulder a great responsibility not only to their own people, but also to the rest of Latin America. If Argentina and Brazil manage to stabilize their economies, resume growth, and progress in integration, the rest of Latin America will necessarily support this program, which, for the time being, involves four countries and is known as Mercosur.

[Turci] Wasn't Argentina annoyed with Brazil's delay in signing the Asuncion Treaty?

[Cavallo] No. We understand the difficulties because we have experienced the same difficulties Brazil is now experiencing. Therefore, after also experiencing what a fiscal adjustment entails within a federal government framework in which the president's political party does not completely control the two houses in Congress, we know it is very difficult. Other countries, such as Chile, made economic adjustments under a dictatorship. This obviously made things easier or, as in Mexico's case, the Institutional Revolutionary Party, PRI, has always had greater political control than our political parties in Brazil and Argentina. Therefore, this represents a great challenge for our countries. We are aware it is a difficult task; therefore, we cannot be annoyed with Brazil when we, ourselves, have had to overcome many difficulties. On the contrary, we encourage the Brazilian leaders and the people to persevere because they will obtain good results.

[Turci] During his stay here last week to attend the Mercosur ministers' meeting, did you advise Minister Marcilio stand firm and move ahead by making other suggestions, such as the need to base the economy on the dollar, implement a fiscal adjustment, and open the Brazilian economy to the international market?

[Cavallo] What you call basing the economy on the dollar means giving the national currency strength; that is, backing our currency with a foreign currency so that nobody can doubt its value. In Argentina, since we, quote, dollarized, unquote, there are many more pesos in circulation because people use the peso, which they identify with a strong currency.

After giving you this explanation let me tell you that the currency can be made stronger and its value stabilized—as is the case in Argentina—after eliminating the public sector deficit; in other words, if the gap between expenditures and resources has been closed. This gap is usually the reason for printing money without any backing or for a country contracting domestic or foreign debts. Therefore, as I explained to you a while ago, Brazil is now experiencing a situation similar to the one we endured in 1990, and it is now facing a challenge similar to the one we faced during 1990; that is, implementation of a fiscal adjustment before thinking of a stabilization such as fully backing the national currency.

Marcilio and I have being in contact since he assumed his post. I visited him two or three days after he was sworn in because we were attending a Mercosur ministers' meeting in Rio de Janeiro and have been in contact since then. I see that he fully understands the Brazilian problem and I am certain he will be an excellent economy minister accompanying President Collor, who also has a very clear idea of what Brazil needs. I believe President Collor and Minister Marcilio deserve more support from the legislators and the politicians and from the people, because Brazil should not have to endure the suffering that Argentina did when inflation got completely out of hand before the people realize that they must support austerity policies. [passage omitted]

Condor-2 Missile Technology To Be 'Recycled'

PY0206225792 Buenos Aires CLARIN in Spanish 2 Jun 92 p 4

[Text] The government will try to convince the National Institute for Aerospace Technology (INTA) of Spain and

the newly created National Commission for Space Activities (Conae) [Comision Nacional de Actividades Espaciales] to sign within the next few hours a framework agreement for bilateral cooperation.

The Foreign Ministry yesterday formally received a delegation of INTA scientists who, within the next few days, will visit the secret Falda del Carmen plant in Cordoba where the now dismantled Condor-2 missile project was developed.

The Menem government announced just over a year ago, on 28 May 1991, the dismantling of the missile project that was developed secretly by the Air Force in cooperation with German companies and Egypt.

Reliable Foreign Ministry sources have told CLARIN that the agreement will help Argentina recycle the technology and the plant where solid fuel was produced and the missiles were assembled, under a program to construct vehicles to be used to launch satellites into orbit.

The two missiles that remain from the project "cannot be recycled" due to technical problems, according to the sources.

Andres Cisneros, chief of the Foreign Ministry staff and a Conae member, is politically responsible for converting the Condor-2 project into peaceful means.

Conae replaced the defunct National Commission for Space Research (CNIE) which developed the Condor-2 and was subordinate to the Air Force. The Conae is currently under the direct control of the Presidency of the Republic.

One advantage for Spain would be that Argentina is one of the few countries that has access to polar orbits for satellites and that Falda del Carmen houses some of the most modern space technology. The difference between a rocket and a missile is that a rocket lacks a guidance system for parabolic launching [tiro parabolico] and an intelligent warhead, among other characteristics.

Moreover, the Foreign Ministry "will fight" for the formal acceptance of Argentina in the Missile Technology Control Regime (MTCR) at the meeting the group will hold later this month in Oslo, Norway.

Last year Argentina unilaterally signed the agreement that is controlled by developed countries to prevent the proliferation of medium-range missiles like the Condor-2, which had a range of up to 1,200 km.

Another point in Argentina's favor is the fact that the Argentine delegation that will leave for Oslo will be able to report that it has recently been removed from Germany's so-called "H" list, which prevents German companies from transferring dual technology (for military and civilian use) to countries considered unreliable.

* Commentary Cites Need To Control Inflation

92SM0401A Buenos Aires AMBITO FINANCIERO in Spanish 13 Apr 92 p 8

[Report by Walter Graziano]

[Text] How would you feel if during the best part of a party someone turned all the lights back on, turned off the music, got rid of the drinks, and all the girls left? You would certainly be unhappy about it, very unhappy. That is just how a good many businessmen and workers would feel if, during the best part of a recovery process, the government took steps to cool down the economy. Still, sometimes it is necessary "to turn off the music and take the drinks away."

Let us see why:

Some months ago, more than one economist began to talk about the exchange gap. They said that the real exchange rate is the lowest it has been in recent years, and that is true. Still, there is more than one indicator that with this real exchange rate, a good level of business activity can still be maintained. Why? Because there are no recessionary indicators in vast sectors of the economy, because the demand for goods and services is rising, and because the treasury surplus has remained more or less stable in recent months and there is an opportunity to raise it to the level needed to comply with the Brady Plan without further complications.

However, very few people believe that if the underlying inflation level—well above 1 percent a month, on average—continues in this manner, the economy could tolerate a real dollar that, to put it plainly, would be close to 20 percent below the current rate. If we reached that real exchange rate, the stabilization plan would face some very serious threats; the deficit in the balance of trade would probably be financed with borrowed capital, which could create major doubts about investing in a country with such an overvalued currency. In such a case, a recession might become inevitable. And the unfortunate thing is that it would be a useless recession, because it is unthinkable that with the mere expedient of a decline in the general level of business activity, prices would decline by 20 percent. Very few countries anywhere in the world have managed to do that, and at too high a cost, to think that in our case this might be a tolerable recession.

Disadvantage

Several things are quite clear. In the first place, it is unwise to continue to amass an exchange gap, at least at our current rate; and secondly, we need to avoid a terrible recession like the one that could happen if the exchange gap continues to increase.

In the next few weeks, we will reach a juncture that will force the minister to turn off the "automatic pilot" that has so far been allowed to run the economy on a smooth course. The need to make some tough decisions is fast approaching. So far it has been simple to stabilize the

economy by stimulating it, as the dynamics of convertibility has produced both effects at the same time. But from now on, things are going to change. Cavallo has come to "the fork in the road," and he will have to choose.

If we reject the hypthesis of continuing to allow high inflation rates with zero devaluation, we are left with only two courses: to favor the level of activity, while sacrificing some stability, or to favor stability, while sacrificing some level of business activity.

Acceleration

Let us take a look at both approaches. The first postulates that this inflation rate can not go down, so it is better to bring the variables into balance by initiating a slow "crawling peg" process to maintain the real exchange rate without reductions, to increase exports, and keep imports stable. Machinea and other economists—including one mistakenly considered one of the "inventors" of the idea of convertibility, when in reality he only proposed a foolish exchange control plan—have embraced this thesis. But what would it do? It would only accelerate an already dangerous rate of inflation like the present one, thus renewing expectations of further devaluations. It would achieve and then lose stability without increasing the level of business activity at all, at least for the present. Even Adolfo Canitrot himself—one of the strongest "crawling peg" advocates in the past—admitted after leaving office what everyone knows very well: that with a "crawling peg" you begin by devaluating 3 percent and end up by devaluating 30 percent. At least that is what has always happened in Argentina.

It is hard to understand why a good technician like Machinea has grown so little intellectually in all these years and would suggest that Cavallo use the same weapons as those that he misused until the economy was brought to the terrible failure of hyperinflation. It would seem that some people never fully learn their lessons, even when those lessons are enormous.

The second route is the one Cavallo should apply immediately: "cooling off the party." This is the time to promote stability, and to do so, it is important not to accumulate a greater exchange gap. The nominal exchange rate should be left where it is, and the inflation rate should be reduced now. In addition, steps must be taken to keep aggregate demand and credit from continuing to grow at their current rate. I have some steps that should be applied now to prevent a harsh recession, and even worse, one that would also be a useless recession.

- Raise taxes on consumer goods and lower taxes on savings as a legitimate way to accumulate capital and "cool down" aggregate demand. The amount of taxes collected should not exceed the present level, but merely remain the same.

Reductions

- Continue lowering all state spending on payrolls in both the national and provincial public sector.
- Stop lowering reserves. As usual, the BCRA [Central Bank of the Argentine Republic] decided too late that reserves in the Argentine economy are too high. It should have lowered them last year when the rate of remonetization would have allowed that. Now that the demand for money has begun to moderate, it should stop increasing lending capacity above the economy's rate of inflation. Without a brake on credit expansion, it will not be possible to stabilize the demand for goods.
- Stop companies from contracting foreign debts whenever they want. When a strong recovery is based on excessive private sector debt, this generates the cause for a future recession that is no less strong. If private sector debts increase much above the economy's rate of growth, there is a danger that any small cyclical recession may turn into a serious recession because of the impossibility of repaying those debts Therefore, foreign credit should be restricted now, and irresponsible borrowing should be prevented. Schedules with strict maximum monthly quotas for issuing private bonds and securities are needed.
- Prevent interest rates from falling below 15 percent a year to avoid excessive consumer debt.
- Replace energy taxes by taxes on consumption.
- Do not approve any salary increase proposed as a sector by sector agreement.

None of these measures will be pleasant or popular, but all of them are necessary to keep the economic plan from ending up in a such a bad relative price situation that it will become unviable.

This is not a matter of triggering, but rather of avoiding a recession. Cavallo has always liked to compare his plan with that of Carlos Pellegrini because of its stabilizing power. So far things have gone well. But he runs the risk of ending up by being transformed into his predecessor: Juarrez Celman, who triggered an acute economic crash because he could not—or would not—control exceessive growth and debt rates in time—at that time called the "get-rich fever." So now is the time to slightly cool down demand, credit, and most of all, our heads.

Bolivia

Paz Continues Talks With Political Leaders

PY2805154292 La Paz Television Boliviana Network in Spanish 0200 GMT 28 May 92

[Excerpt] In keeping with the political dialogue timetable, President Jaime Paz Zamora today met with Max Fernandez, leader of the Solidarity Civic Union [Union Civica Solidaridad, UCS], and Oscar Zamora, leader of the Revolutionary Front of the Left. [FRI]

[Begin recording] [Unidentified reporter] In keeping with the political dialogue policy that has been implemented to solve the multiple needs of Bolivian society, President Jaime Paz Zamora has been meeting with political party leaders. The second and third scheduled meetings were held today.

The second political meeting was held with UCS leader Max Fernandez. Like the first meeting, the dialogue with Max Fernandez was held within a cordial atmosphere. The meeting, which was held in the same room where the meeting with Nationalist Revolutionary Movement leader Sanchez de Lozada took place, began before a tour of the remodeled Government House quarters.

After the almost two-hour meeting, Max Fernandez held a news conference to report on the issues that were discussed. He reported that the subjects proposed by the president had been accepted and that another one had been added: measures to avoid the switching of party affiliations.

[Max Fernandez] Switching party affiliations takes place constantly. We have to change this. This is what I told the president and that it has to be implemented in the upcoming elections. We cannot continue tolerating those who, taking advantage of a given situation, declare themselves to be politically independent for the purpose of shamelessly (?staying in power). This cannot be. It is unfair. We have to be frank and admit this. This is why we also discussed this issue.

[Reporter] Max Fernandez also expressed his satisfaction with the manner in which the political dialogue was held and the positive results it has achieved for the country.

Immediately after this, and within the framework of the political dialogue, President Jaime Paz Zamora held a meeting with FRI leader Oscar Zamora. Before meeting with the president, Oscar Zamora noted the importance of this meeting because it will contribute to the national democratization process. He also mentioned the issues that were to be discussed during the meeting, among which was the implementation of a truly independent electoral court. He also referred to the guarantees that all citizens must be offered when they register for elections. [passage omitted] [end recording]

Holds Talks With Leftist Leader

PY2905182492 La Paz Television Boliviana Network in Spanish 0200 GMT 29 May 92

[Text] In keeping with the political dialogue timetable, President Jaime Paz Zamora received Marcos Domic, representative of the Communist Party and the United Left, at Government Palace today.

Before meeting with Marcos Domic, President Paz toured Government Palace; he held the meeting in the same room in which he has met with other political leaders.

After the meeting, Marcos Domic held a news conference during which he said that among his proposals, he emphasized social issues, which require a sincere, decided effort from all Bolivian citizens and especially from the leaders. Domic said that the Bolivian people are being neglected and their prospects for health and life are somber. He also noted that he agreed, except for some points, with all the issues raised by the president.

[Begin Domic recording] We strongly agree with the president's point of view that constitutional reform must be carried out according to the tools provided by the Constitution itself. Regarding judicial reform, significant progress has been made and in the opinion of the United Left, it is being handled by the corresponding commissions. What we suggested is that the problem of the RUN [Sole National Tax Registry] be assessed carefully and that a control mechanism be established in order to keep automation of this process from violating the privacy and freedom of the citizenry. We also discussed the jurisdiction problem because we believe the judicial branch must oversee the actions of all institutions, including, naturally, those of the National Electoral Court.

We also, and this, naturally, is very important to the United Left, pointed out the need to ensure that the entire decentralization process does not contribute to tendencies that would lead to the disintegration of our country. We pointed out that the most important thing is to guarantee territorial and state unity, the homogeneity of our Republic. We agree that a decentralization process is necessary but we also maintain that a decentralization process must not by any means affect—and we have made it quite clear that this is a very important aspect of the decentralization process—the access of the poorest and neediest to basic services, such as health and education. [end recording]

Finally he added that this type of dialogue, within the framework of a consultation mechanism, is positive for democracy and the nation's interests.

Seeks Understanding Through Talks

PY2905183092 La Paz Radio Fides Network in Spanish 1100 GMT 29 May 92

[Excerpts] As foreseen, President Jaime Paz Zamora met with United Left coordinator Marcos Domic last night. Following a two and a half hour meeting, Domic agreed with some of his political colleagues, saying that there is no hurry to implement an administrative reform in Bolivia. [recorded passage omitted]

In turn, President Paz spoke about the meeting with Domic and said it was long because they analyzed important subjects. Paz said that it is very important to institutionalize an understanding in order to seek general solutions for national problems. It is essential to listen to both the rich and the poor, Paz said.

[Begin recording] I think that the main interest, at least for me, is to understand, as much as possible, the different points of view and feelings of the political forces, independent of their electoral importance. This requires a process that institutionalizes an understanding among the Bolivian people in order to achieve objectives of national interest. Just as we must listen to those who do not have money the same as those who do have money, I think that the opinions of the political parties, no matter how many votes they represent, are also important. [end recording] [passage omitted]

Alternative Development Plan Disclosed

PY2905220692 La Paz PRESENCIA in Spanish 22 May 92 Section 2 p 3

[Text] Cochabamba, 21 May—The implementation of the Alternative Development Program (PDAR) will involve an investment of 26 million bolivianos in projects labeled "immediate impact" this year.

PDAR Executive Director Bernardo Rocabado has said that this sum includes economic support for personnel training, studies, communications, construction, and equipment that were approved last December.

Rocabado said that the majority of the projects will have a "great impact" because they involve roads and other social and productive projects in which the peasants are partly involved through the Local Committee for Alternative Development (Colodal).

According to the information the PDAR approved this year the opening, refurbishment, and maintenance of 165 km of the 2,000 km of roads. Rocabado said: "We are only doing about 10 percent but the peasants decide which roads are the most important, which would have a negative impact, and which are in zones of ecological preservation."

He said that the so-called "immediate impact" projects will involve an investment of approximately $1 million. The projects include the construction of milk storage centers, banana packing plants, pig rasing facilities, and other productive activities.

He added that all activities involving sanitation, potable water, sewer system, and other related work are carried out through the UN 412 program.

Rocabado also revealed that a British mission has arrived in the country to evaluate other projects to program a second financing stage to be able to finish the sewage and potable water systems, and to install the administrative management of these systems.

He said: "The projects are merely being prepared because the financing of the 412 UN program is running out. A second stage of the UN program related to basic sanitation and potable water will be tried. All of this is planned for the Chapare."

Regarding the Valle Alto region. Rocabado explained that the PDAR is working on improving the potable water and sewage systems. He concluded by saying: "We have projects for about $1 million. Regarding other regions or zones, we need projects to be carried out not this year but next year. We are preparing basic guidelines for growing vegetables and fruits, an irrigation program, and other projects."

'Austere 1992 Budget' Causes Embassy Closings

PY2905212292 Madrid EFE in Spanish 1717 GMT 29 May 92

[Text] La Paz, 29 May (EFE) - The Bolivian Foreign Ministry today confirmed that it will close some embassies and foreign missions abroad, and will limit personnel to the minimum to adjust to the austere 1992 budget which was cut by 40 percent compared to last year.

Foreign Under Secretary Manfredo Kempff said: "It is regrettable that our foreign policy depends on the fiscal policy and budget." Kempff confirmed the closing of some diplomatic missions and the dismissal of 75 employees from the Foreign Service.

The announcement on closing of embassies—which includes the embassy in Costa Rica—coincided ironically with the presentation of credentials of the new Costa Rican ambassador to Bolivia, Ana Virginia Lizano.

The government will also close its embassies in Czechoslovakia and Yugoslavia, the Bolivian permanent mission at the Latin American Integration Association (ALADI) in Montevideo and at the UNESCO seat in Paris. Uruguay and France, respectively, will represent Bolivian interests at these organizations.

The 40 percent reduction to the Foreign Ministry budget was decided by Congress when it approved the national budget at the beginning of the year. The cut forced the Foreign Ministry to close the Diplomatic Academy and dismiss 25 employees in La Paz.

The Foreign Policy Undersecretariat worked out a Spending Reduction and Resources Reallocation program to face the economic crisis.

Bolivia maintains permanent missions in 24 countries. The reorganization program graded these missions as "very important," "necessary," and "less important."

Using economic criteria, the program identified 13 of the 24 missions as "very important." They include the embassies in the United States, Spain, Germany, Japan, Argentina, Mexico, and the EC.

Among missions considered "less important" and which could be closed before the end of the year are the embassies in Paraguay, Cuba, Israel, and Egypt.

Diplomatic sources told EFE that closing diplomatic missions will affect the Bolivian Government's international policies because it "reduces the country's operative and diplomatic capacity at multilateral and bilateral levels."

Armed Forces Budget Cuts Viewed

PY2805215392 Madrid EFE in Spanish 1754 GMT 28 May 92

[Text] La Paz, 28 May (EFE)—The budget cuts that are affecting the Bolivia Armed Forces will compel military men, from sergeants to generals, to purchase their uniforms and their personal toiletries. If the economic crisis persists, the budget cuts will also affect their food.

Army Chief of Staff General Moises Schiriqui today reported that the budget cuts imposed on the Armed Forces have led to a reduction in the supply of clothes and food.

Among other benefits, waiters in military units received four uniforms for regular use per year under the military regimes that ruled the country less than 10 years ago.

The economic restrictions that the Armed Forces have endured in the past few years under the democratic governments, which inherited the crisis, have compelled the military commands to reduce the supply of uniforms and other essential elements.

Prospects are not encouraging for the military men who will soon be forced to buy their own uniforms.

The news agency ERBOL [Bolivian Radio Schools] has reported that a general's uniform costs 440 Bolivianos ($114) including the cap, which costs the same as the jacket, the trousers, the shirt, and the boots. A uniform for a junior officer costs approximately $85.

Schiriqui reported on the economic crisis affecting the Armed Forces following a decision by groups of military men to promote "a voluntarily confinement to barracks" in demand of a 12-percent salary increase which was granted by the government last week.

Defense Minister Rear Admiral Alberto Saenz Klinsky noted the unsuitability of pressuring the military institutions by making a public and scandalous announcement on alleged irregularities involving the Armed Forces enterprises.

General Eduardo Galindo denied in Cochabamba rumors of an alleged coup d'etat being orchestrated by the Armed Forces and unrest within the institutions. Galindo is the commander of the 7th Airborne Division headquartered in Cochabamba, 403 km east of La Paz.

Minister Denies Shortage of Money

PY2905162692 La Paz Radio Fides Network in Spanish 1100 GMT 29 May 92

[Text] Defense Minister Alberto Saenz Klinsky corrected the statements made by his comrade General Moises Schiriqui, acting Army commander, who had said that the inadequate Armed Forces budget would force conscripts to buy their own uniforms. Minister Saenz Klinsky said that there is enough money to buy uniforms and there was no reason to say otherwise. The problem is that the finance minister has not as yet authorized the corresponding disbursement of money, he said.

Central Bank Head Resigns for 'Personal Reasons'

PY3105030692 La Paz LA RAZON in Spanish 23 May 92 p A3

[Summary] "Bolivian Central Bank President Raul Boada has submitted his irrevocable resignation from this high-ranking post for personal reasons." Boada will travel to the United States in the next few weeks to be sworn in as Inter-American Development Bank acting president before the Urupabol [Uruguay, Paraguay, and Bolivia] Group.

Brazil

'Terrorist' Group 'May' Perpetrate Attacks

PY0206213192 Sao Paulo FOLHA DE SAO PAULO in Portuguese 31 May 92 Section 3 p 1

[By Claudio Julio Tognolli]

[Text] Police Delegate Romeu Tuma Jr., [son of National Federal Police Secretary Romeu Tuma] chief of the Sao Paulo Interpol (International Police) office, one week ago received information (this in police jargon means a report that has not been fully confirmed) that a terrorist group made up of eight men may carry out attacks in Rio de Janeiro during the Rio-92 conference. He said: "We are exchanging information with police organizations round the world to keep in touch."

Romeu Tuma Jr. maintains daily contacts with police delegates Claudio Barroin and Edson de Oliveira—the latter being the superintendent of the Rio de Janeiro Federal Police. The subject is considered a "state secret." Tuma Jr. has not released the names of those involved on the grounds that he does not want to hinder the investigations. FOLHA, however, learned that the Federal Police and Interpol believe that the group might be headed by Palestinian terrorist Abu Nidal, mentor of the al-Fatah Revolutionary Council—a paramilitary group.

According to a secret report received by Romeu Tuma Jr., the objective of the group would be to attack the Israeli consulate in Rio de Janeiro during the Rio-92

conference, and to attack an Israeli women's meeting that will also be held during the conference in a hotel in southern Rio de Janeiro.

The police have since last year considered the possibility of that type of attack during the conference. Last November 1991, while in Uruguay, members of the FBI—the U.S. federal police—alerted Brazilian authorities about the possible arrival in Brazil of terrorist groups during the Rio-92 conference. On that occasion, Federal Police Secretary Romeu Tuma took over in Montevideo as Interpol chief for South America. Romeu Tuma Jr. said: "We have been on the alert since that time, but this information is the only lead that we have so far received," adding: "I would like to emphasize, however, that this information has not been confirmed, it is just a report. People should not be alarmed."

On 2 June, Romeu Tuma Jr. will travel to Rio de Janeiro to meet with Edson de Oliveira and to begin an investigation into the alleged terrorist group. Until 29 May, Interpol was concentrating its investigation in Sao Paulo, where the group—according to the information—has met.

The 600 federal policemen who are participating in the Rio-92 conference have been trained to prevent abductions and terrorist actions. An elite group, picked up from those 600 policemen, will join a 50-man group run by the United Nations security section that is headed by Richard Ward.

Collor Discusses Development at CIAC Dedication

PY0206180892 Brasilia Radio Nacional da Amazonia Network in Portuguese 1200 GMT 2 Jun 92

["Excerpts" of speech by President Fernando Collor de Mello at the inauguration of an Integrated Center for Assistance to Children in Rio de Janeiro on 2 June—live]

[Excerpts] [Passage omitted] Some years ago I observed the implementation of the CIAC [Integrated Center for Assistance to Children] projects under Rio de Janeiro Governor Leonel Brizola's administration. I also perceived the happiness and enthusiasm this major initiative intended for the future of Rio de Janeiro caused in communities where a CIAC facility was established.

After I was elected president of the Republic, I became aware that education would be the only way to joint modernization, to build a country where we can enjoy full political freedom, but where social equity also can prevail. This also will be possible through the incentive of a long-term project that I can offer as president of the Republic so that children have the right to accomplishments, which is the prerequisite to consolidating democracy.

This is why, in dedicating a CIAC facility, I see that children along with the CIAC's are the engines that will propel our ship toward modernization for the establishment of a just, brotherly, and united society. It also will lead Brazil to its true and great destiny.

Some people regard such an initiative as expensive. I would say that building a school, a reformatory, or a prison would be more expensive. This is undoubtedly an affirmative response from the Brazilian state to society, especially to the more fragile sector, that is, the children. We are concerned with their present and even more with their future. [passage omitted]

Rio de Janeiro authorities are receiving dignitaries from all over the world with open arms on behalf of a common cause intended to save the earth. Many people do not realize the importance of this summit, the matters to be discussed, and the major decisions to be made for the future. We are being threatened by devastation caused to the world by the irrational development that is being promoted worldwide.

We need to find a form of intelligent, rational development in order not to destroy but to enjoy nature. The exaggerated, irrational, and predatory use of nature is condemning our planet to a sad end. We need to become aware, and especially the children, of the importance of environmental preservation. The future generation still has no clear idea on the importance we should grant to environmental preservation, and we no longer will be able to convince them of it. It is important to become aware of the situation as soon as possible. Children should be aware of the importance of a tree, a park, a sea, a river, clean air, fertile soil, and crystalline waters. This is exactly what the CIAC we dedicate today will promote. This institution will use solar energy. I hope that garbage also will be recycled here, that we will not use toxic agricultural elements in cultivating our vegetable garden, and that the products obtained can be used to prepare the breakfast of children who will study here.

We have to make children aware of the importance of dealing with environmental preservation with absolute seriousness by formulating intelligent and rational formulas for promoting development. We also should create a commitment in this regard for the generations that will rule the country in the future. [passage omitted]

Marques States IMF Goals Will Be Fulfilled

PY0306022892 Brasilia Voz do Brasil Network in Portuguese 2200 GMT 2 Jun 92

[Text] Economy Minister Marcilio Marques Moreira said today in Rio de Janeiro that the government will thoroughly fulfill the goals agreed on with the IMF. He added that the economic program is being carried out step by step and that the latest figures clearly show the return to development. Marques Moreira stated that the 5.8 percent growth in the first quarter of this year in comparison with the same period last year shows that trend, which should even have an impact on the unemployment rate.

Regarding the foreign debt, Marques Moreira said this issue has a good foundation, that the negotiations continue in New York, and that they are expected to end late in the first half of this year.

During the inauguration of the ecological Integrated Center for Assistance to Children in Rio de Janeiro today, Marques Moreira said that Brazil is fulfilling its agreement with the IMF. He denied reports published in Rio de Janeiro dailies that the public accounts may get out of control despite the recovery of revenues in the last few months.

IMF Managing Director Michel Camdessus will arrive on 6 June to attend the Rio-92 Conference and on 8 June he will meet with President Fernando Collor in Riocenter at 0930.

Minister Marques Moreira said he is certain that the economic policy will be successful with a surplus between revenues and government spending.

[Begin Marques Moreira recording] The economic equation is mathematical and must be looked at in terms of its true content, and its content is being thoroughly fulfilled. We believe that we will have a great success in this policy from the point of view of primary surplus, operational surplus, and other goals, including the exchange rate, which is being fully met. [end recording]

The government problem is containing the public deficit within the limits agreed on with the IMF, which is about 630 trillion cruzeiros if we take into account the interest payments on the domestic debt. From January to April of this year, the government has already spent almost $10 billion to pay the interest on the domestic debt alone due to the high interest rates in the market.

Marques Moreira believes that it is still too early to review the government accounts because there is one month left to submit the results to the IMF and the collection of revenues is improving.

Japan To Release $300 Million for Projects

PY0206232992 Brasilia Voz do Brasil Network in Portuguese 2200 GMT 1 Jun 92

[Text] The Japanese Government will release $300 million to Brazil. The protocol that guarantees this money was signed today by Economy Minister Marcilio Marques Moreira and Eximbank Executive Director Wataru Aoki.

The signing marks the reinstatement of Japanese financing for Brazil after seven years of suspension. Marques Moreira said the release of this money shows confidence in the Brazilian economic program.

[Begin Marques Moreira recording] Japan is the greatest financial agent in the world and this makes it very important for Brazil. One of the loans is for the environmental projects and the other is for industrial modernization. [end recording]

Of the $300 million, $250 million will be used for industrial modernization and the remaining $50 million will be used to combat pollution in the environment.

Economy Ministry Planning Secretary Pedro Parente reported today in Porto Alegre that by the end of July Brazil will also receive $500 million from the IMF, which corresponds to the first two quarters of the year.

Parente said that although Brazil has not achieved the objectives established by the IMF, the performance of the Brazilian economy shows a positive projection of tax collection during the second quarter of the year. Parente explained the reasons for the drop in fiscal revenues during the first quarter.

[Begin recording] During the first quarter we had some problems. First, the national Congress decided to postpone tax collection from some corporations, and second, during the first quarter we had the heaviest judicial measures on collection of certain taxes, for instance, from the Finsocial [Social Investment Fund]. This caused an important loss of revenue during the first quarter which made it impossible to fulfill one of the objectives; the operational objective. [end recording]

Parente also defended the establishment of the fiscal reform as a way to minimize social differences in the country.

* Impact of Military Budget Cuts Surveyed

* Protests, Deficiencies Cited

92SM0405A Sao Paulo ISTOE SENHOR in Portuguese 22 Apr 92 pp 26-29

[Article by J. Santana Filho and Helio Contreiras: "The Uproar Over Soldiers' Pay"]

[Text] Embroiled for three decades in the battle against a virtually imaginary "internal enemy," the Brazilian Armed Forces' leadership is now faced with a real, powerful domestic enemy. It is not communist, nor does it wear civilian clothes; and it is not waging a relentless battle against the uniformed sector. On the contrary, it lives in the barracks, wears a uniform, uses a mobilization strategy similar to that of trade unions, and marches with slogans resembling those of any group demanding its rights. "Down with repression" and "down with hunger" were shouts hurled by demonstrators during the past two weeks in certain Brasilia compounds where military personnel reside. The majority were women and children, who gathered to protest the low pay of soldiers.

Although it is nothing new, the mobilization for salaries by the military assumes very particular features this time: It is occurring when the income standard for members of the three military branches has reached its lowest level since 1963. It comes at a time when the lack of funds has turned military equipment into scrap and military training into a farce and at the very time when uprisings in neighboring countries are reviving the

specter of coups. Generally speaking, the soldier is suffering from the same combination of pressures due to the recessive economic policy that is afflicting all Brazilians. What makes his tragedy unique is the fact that the economic failure has come amid the most deep-seated identity crisis ever experienced by the military authorities in the history of the Republic.

"The salary problem is serious, but cyclical. What worries me is the total absence of a future, the lack of a clear understanding among the society of the meaning of national defense and of the Armed Forces' real role." This statement was made pessimistically on Wednesday, 15 April, by Navy Minister Mario Cesar Flores, hours after a meeting with President Collor at which he discussed the military personnel's dissatisfaction with its pay. The night before, at two ceremonies marking the introduction of the Army's 20 new brigadier generals, two speeches showed how the levels of perception of the crisis upsetting the military sector can appear subtle, but are extremely dissimilar.

At the Army Club, speaking on behalf of Minister Carlos Tinoco during the sword presentation ritual, the Army chief of staff, General Antonio Soares Moreira, mixed cliches such as "the soldier's ardent love for the nation" with a by no means reassuring "scenario of uncertainties" and a "current situation replete with unrest." In a lecture that consisted of a written excerpt in which he omitted any reference to President Collor, the general never mentioned the word democracy. That term was precisely the keynote underlying the president's speech two hours later, upon receiving the new generals at Planalto Palace. After opening his remarks in a clearly apologetic tone and expressing gratitude for the "military family's understanding" of the salary limitations, Collor made a point of proclaiming his certainty of the irreversibility of the democratic process.

This conviction is certainly not shared by certain deputies, including ex-guerrilla Jose Genoino (PT-SP [Workers Party-Sao Paulo]) and the PMDB [Brazilian Democratic Movement Party] leader in the Chamber, Genebaldo Correia. On Wednesday they hurried to the office of the Armed Forces chief of staff, General Antonio Luis Veneu, in an attempt to create a pacifying barrier against the incendiary preaching of the deputy and Army captain, Jair Bolsonaro (PDC-RJ [Christian Democratic Party-Rio de Janeiro]). Bolsonaro, who was elected after heading grievance movements in the Rio de Janeiro Military Settlement, has been mobilizing the military wives in Brasilia for a "March for Military Family Dignity" set for 27 April on the Ministries Esplanade. With inflammatory speeches, in which he refers to Minister Carlos Tinoco as a "nitwit" and a "wimp," Bolsonaro has been causing strong resentment among the military leadership.

On Tuesday night, 14 April, the deputy was barred by a platoon of 200 Army Police troops from reaching SQN 103, a civilian area in which the military reside, for a parade planning meeting. "This is a civilian area. The military are ripping up the Constitution again," he protested. The group, dispatched to the site by the Planalto military commander, General Antonio Carlos Bittencourt, at Minister Tinoco's request, could be activated against any further assault by Bolsonaro, who could also suffer more severe reprisals: "If one of our captains, in uniform and armed, invades the plenary session, you can arrest him." General Veneu made this remark to the deputies on Wednesday in a rather unfortunate analogy.

"This congressman is engaging in electoral proselytism, based on his personal interests," retorts Minister Carlos Tinoco, who nevertheless admits the tragic situation of the soldiers' pay. "The salary problem exists, but there are no expectations of a breach of discipline or of our constitutional commitments," he notes appeasingly. Nevertheless, there is consensus among the military ministers and the members of the High Command that the mood is quite conducive to an outbreak of isolated riots. According to confidential reports, the main pockets of discontent are concentrated in Brasilia, Rio de Janeiro, Sao Paulo, and Porto Alegre: obviously the most strategic command sites in the country.

Dissatisfaction is also starting to be expressed outside those centers. For example, in Ceara a movement of 29 officers from the reserve unit, known as the Guararapes Group, has been publishing open letters, the substance of which is not the military salary crunch. The revival of military coups in Latin America was the main topic of the document dated 8 April, the signers of which include a major general and four generals. The group associates the democratic issue with the heightening of corruption: "How can the nation coexist and survive with the raids on the Treasury reported by the press nearly every day?" it asks. Interviewed by ISTOE, retired General Francisco Batista Torres de Melo voiced the concern of his peers over "the disrespect for law and the absolute lack of credibility of those in public office." However, Torres de Melo admits that the salary problem is a result of the political disorganization prevailing in the country.

Regardless of region or rank, this is, in fact, fertile ground for rebellion. Two extreme points in the chain of command could be taken as an example. In March, an enlisted corporal at the first professional level in the forces was earning a soldier's salary of 399,000 cruzeiros. An Army general, squadron commander, and lieutenant general earn slightly more than 3 million cruzeiros per month. The rebellion heightens when the military compare their salaries with those of the civil servants in the Legislative and Judicial Branches. For example, a Federal Police commissioner, whose salary is associated with those of the Judicial Branch, can earn as much as 16 million cruzeiros per month. And a congressional adviser has a salary equal to or exceeding that of a four-star general with 40 years of military service. The disproportion between the salaries in the three branches (one of the main causes of the dissatisfaction among the

military) could generate even more embarrassing comparisons: For example, there are chauffeurs the National Congress who earn the same salary as a colonel.

"Even if there were an increase now, it would only be a palliative because it would not eliminate the distortions caused by the lack of equality before the law," admits Navy Minister Mario Cesar Flores. Before the salary crisis assumed the explosive features of the past few days, several types of studies were made and meetings held among experts from the economic area, the military, and the Ministry of Justice. At those meetings they analyzed alternative rates of increase that might circumvent the dilemma between the government's cash problem and the meager earnings of the military. There was the aggravating factor that an increase for military public servants could not be isolated from a raise for civilian government employees.

At the political meetings such as the one a week ago that gathered 92 Air Force brigadiers with experts from the Ministry of Economy, which will be repeated on Monday, 20 April, in Rio, with all the Navy's high-ranking officers, an attempt is being made to inform the military of the country's real economic situation. This is combined with the military ministers' preaching of the necessity for "equanimity" among the commanders and strict control over the troops. Harassed by the recent military pressures, the government is considering sending a message to the Congress within the next few days proposing a 60 percent increase (probably divided into three installments) for public servants. And President Collor has obtained from the Justice Ministry a proposal for the establishment of full salary equality among the personnel of all three branches. These measures, if enacted, would nevertheless fail to correct the discrepancy of nearly 500 percent imposed on soldiers' pay since the beginning of the Collor government.

According to the military leadership, however, the troops' low pay is just a detail of a more deep-seated crisis. The military ministers call attention to the fact that the budgetary restrictions are causing irreversible damage to military equipment, exercises, and professional training. The Brazilian Army that pays its soldiers poorly is the same one that ranks fourth in firepower and combat efficiency among the South American countries, following Argentina, Peru, and Venezuela. The Air Force ranks fifth in this rating, losing in efficiency to the Air Forces of Peru, Argentina, Venezuela, and Chile. And the Navy ranks third, immediately following Argentina and Peru. "During peacetime everything is viewed calmly. But it would be 'God help us' if any problem should arise," warns Brigadier General Chorubim Rosa Filho, ex-commanding general of the Air Force and current minister of the Superior Military Court.

The minister points out: "We are not a militaristic people, but we cannot ignore the modern strategic trend toward a balance of forces among neighboring countries." This situation appears increasingly difficult. Owing to the budgetary restrictions (Brazil is among the countries of the world investing the least in security, spending only 0.4 percent of its GDP on the sector), every Brazilian Army recruit can fire only 13 real firing cartridges per year while training. Every combat pilot in the FAB [Brazilian Air Force] can now log only an average of 80 flight hours per year; whereas a NATO pilot, for example, is required to log a minimum of 240 hours. Apart from the risk of low efficiency in the event that real combat were necessary, the pilots' low flight index could also contribute to serious accidents during peacetime.

The situation is even more dramatic when the condition of the three branches' equipment is examined individually. With the exception of the Astros II and Roland II missiles and the Oto Melara gun, the Army's artillery pieces are equipment dating back to World War II or the Korean War (1950-53). Despite national arms industry that flourished under the military governments, the country has not taken full advantage of it to modernize its combat equipment. The production is aimed basically abroad, and some purchases have consisted of lower-quality models than those sold abroad. For example, of the Cascavel armored vehicles, the most widely sold Brazilian model in the world (more than 6,000 units exported), 600 remained in Brazil, but with features considerably inferior to those of the units sold to other countries.

Those exported were equipped with laser sights and range finders, protection against chemical and biological weapons, and variable-pressure bulletproof tires, allowing for their use even on the muddiest terrain. The models that remained in Brazil are old-fashioned, with optical sights, that fire when not moving, and become bogged down in heavy rain. While the volume of military equipment in the three branches is deplorable, the maintenance conditions are even worse. For example, a third of the Army's equipment is unusable for lack of parts. The Air Force, on the other hand, which maintained a supply of parts worth $600 million until mid-1980, now has only $100 million worth of parts in stock. A high-ranking military commander remarks: "We must pray to God for pacifism, so as not to be faced with tragic situations."

While serving to expose the unvarnished internal situation of the Brazilian Armed Forces, the economic crisis and the recent unrest in the barracks also lend themselves to other considerations. The current situation contains several ingredients for the advent of a more serious military crisis that, as senior officers agree, would also coincide with one of the less brilliant periods of changing leadership in the Armed Forces. Despite the political changes, the same conservative profile has been retained among the commands as existed during the era of the military governments. According to a general in Brasilia, for example, the Collor government's High Command is not much different, qualitatively, from those appointed by the general-presidents of the military period. There is one difference: less technical competence. Generals Paiva Chaves, Iris Lustosa de Oliveira,

Antonio Joaquim Moreira, and the just-promoted Zenildo Lucean could easily have been appointed by Figueiredo. The general asserts: "The government, which claims to be changing everything in the economy, lacks the courage to do anything with the military structure."

Without a clear sense of direction and with an identity crisis, a low rate of professionalization, and the perpetual unresolved relationship with the civilian authorities, the military sector, up until now dissociated from the major crises confronted by the government, could become a high-risk factor during the final phase of Collor's term. Rather than an exclusive issue for the government, this is, in fact, a problem inviting a major national debate. That debate, which was swept under the rug of the Constituent Assembly, is beginning to reveal its significance now more than ever. Minister Mario Cesar Flores issues the summons: "The time has come for Brazilian society to decide on the destiny that it wants to give to its Armed Forces. As it is, the situation is disastrous for everyone."

Military Pay, Here and Abroad (in thousands of US$)

Rank	Brazil	U.S.	Great Britain	Italy	Mexico
Division General	1.5	8.9	9.4	5	2.3
Brigadier General	1.4	8.8	8.6	4.4	2.0
Colonel	1.2	6	6.7	3.3	1.8
Lieutenant Colonel	1.1	5	5.8	2.5	1.6
Captain	0.8	3.7	3.3	1.3	1.2

Troops With Scraps

Army

The only type of coastal artillery piece, the Vickers-152 mm gun, dates back to 1920. It is called a "granddaddy gun."

The M-41B tanks do not fire while in motion. Their optical instruments (sight and aiming) suffer from dust infiltration.

The communication system is so unstable that the Argentine Armed Forces used to amuse themselves by interfering in the communications during military exercises on the border.

Navy

The aircraft carrier "Minas Gerais," formerly our nation's pride, is 40 years old and obsolete for modern naval warfare. A new one would cost $1 billion.

The Brazilian fleet has no efficient antiaircraft missiles. Its defense against Exocet-type missiles is extremely tenuous.

The defense of the territorial waters is entrusted to 10 tugboats, disguised as corvettes, purchased by JK [Juscelino Kubitschek].

Air Force

The air defense is entrusted to 16 Mirages, designed in 1958. The F-5's are equipped with obsolete radar.

The AMX jet fighter, the FAB's hope, which is being built based on a contract with Italy, has had its design virtually jeopardized by funding delays.

A single American aircraft carrier, the "Forrestal," has more fire power than the entire Brazilian Air Force.

* Wages Increased

92SM0407A Sao Paulo VISAO in Portuguese 29 Apr 92 p 9

[Unsigned article: "An Ostensible Calm"]

[Text] The military leadership appears to be satisifed with the bill from the Executive Branch and approved by the Chamber that raises the salaries of federal public servants by 80 percent. However, the same cannot be said of Deputy Jair Bolsonaro (PDC-RJ [Christian Democratic Party-Rio de Janeiro]), a captain in the reserves. Although he has been advised by party leaders to "hold his tongue," he has not restrained himself and has fired further criticism. After having claimed that "the three military ministers are three wimps," the congressman described the percent granted as "a handout."

Bolsonaro even became annoyed with the minister-chief of the EMFA [Armed Forces General Staff], Antonio Luiz da Rocha Veneu, who decided to call off the meeting scheduled for Thursday, 23 April, with congressmen, to discuss the military salary problem. The meeting was canceled as soon as President Collor sent the proposal for 80 percent, divided into three installments, to the National Congress. The deputy commented: "If he thinks that this handout is sufficient, he is greatly deceived." He was especially annoyed because Veneu himself had indicated to President Collor the minimum percentage demanded in the barracks: 100 percent. Furthermore, the increase in military pay does not terminate the issue. For more than a year, military officials have been debating with the Executive and Legislative Branches the matter of equal salary status before the law among all three branches.

Under the present payment system there are salary distortions between the Executive, Legislative, and Judicial Branches. Just to obtain an idea of the disparities, in

May President Collor will receive 12 million cruzeiros, with the raise. At present, without counting the raise granted by the government, an STM [Superior Military Court] minister earns 18 million cruzeiros. A colleague of his of the same rank but acting outside the Supreme Court, earns 3.5 million cruzeiros, plus bonuses.

The Status of Military Salaries (in thousands of cruzeiros after the raise)*

	Military Pay**		
Rank	**April**	**May**	**June**
Admiral, marshal, and air marshal	2,068	2,486	2,864
Fleet admiral, army general, and lieutenant general	1,944	2,318	2,692
Vice admiral, division general, and major general	1,828	2,179	2,531
Rear admiral, brigadier general, and brigade commander	1,721	2,062	2,383
Sea and war captain and colonel	1,575	1,878	2,181
Frigate captain and lieutenant colonel	1,485	1,739	2,019
Corvette captain and major	1,351	1,611	1,871
Lieutenant captain and captain	1,215	1,449	1,683
First lieutenant	1,050	1,252	1,464
Second lieutenant	952	1,136	1,319
Officer candidate	855	1,020	1,184
Sergeant first class	748	892	1,036
Sergeant second class	670	800	929
Corporal	441	526	611
Deck hand	408	486	585
Recruit	127	157	183

Source: National Congress. *The raise will be paid in three installments: 30 percent in April, 25 percent in May, and 25 percent in June, always calculated on the basis of the March salary. **These amounts could double for ranks from marshal to captain if they are entitled to all bonuses.

Concern

In an attempt to correct the distortions somewhat, the government requested that the Judicial and Legislative Branches not apply the 80 percent to their own employees, but use a lower rate to more closely approach the desired equality before the law. Nevertheless, the idea did not have much effect. Whereas the president managed to appease some in the barracks with this raise, another action was not pleasing and evoked further concern among the ministers of Army, Air Force, and Navy. This year, Collor failed to submit a constitutional amendment to eliminate the equality before the law that is stipulated in the Constitution but that does not, in fact, exist. The intention is to determine, first, a method for amending only the Executive Branch salaries and to submit it to the Congress in 1993. That is a difficult task because the new Constitution does not allow this strategy. With this postponement, the ministers fear more demonstrations of dissatisfaction, albeit isolated.

In view of this situation, Deputy Bolsonaro decided not to withdraw and to to schedule the "March for Military Family Dignity" this Monday. For this purpose, he spent the week mobilizing relatives of the military to gather on the access road to the Ministries Esplanade. From there, they will go to the EMFA premises.

Realizing the uproar that Bolsonaro is capable of creating, the military ministers ordered the Federal District's secretary of security, Joao Brochado to establish a heavy cordon, isolating the sites where the parade will take place. The purpose is to prevent any physical aggression between the deputy and the security troops. To physically assault or seize the congressman would cause serious disturbances because he has immunity. However, the captain-deputy is not intimidated and claims: "If we are living in a genuine democracy, there is no reason to create obstacles to the march." The temperature in the barracks will be impossible to gauge until after the demonstration.

Chile

Honecker Reportedly To Leave Embassy in Moscow

PY2905184992 Santiago Radio Chilena Network in Spanish 1700 GMT 29 May 92

[Text] Chilean Special Ambassador James Holger stated today that former GDR President Erich Honecker has agreed in principle to leave the Chilean Embassy in Moscow. Holger said that it is now just a matter of deciding on how to leave the embassy.

Holger met with German Deputy Foreign Minister Dieter Kastrup today and said that thus far, no solution

is foreseen in the case. Holger declined to talk about the situation because there is an agreement on the central points among the Governments of Chile, Russia, and Germany.

Moreover, Bonn government spokesman Dieter Vogel has again said that Germany has the right to demand Honecker's direct extradition. He said that the intervention of a Russian court is neither admissible nor feasible in this case.

Honecker's Wife Denies Report

PY0106034492 Madrid EFE in Spanish 1649 GMT 31 May 92

[Excerpts] Bonn, 31 May (EFE)—A day before traveling to Santiago to report to the Chilean Government about the latest developments in the Honecker case, special Chilean Ambassador James Holger today expressed annoyance with some statements made by Honecker's wife Margot, who said they will not abandon the Chilean Embassy in Moscow voluntarily. [passage omitted]

The permanence of the former communist president in the Chilean Embassy in Moscow is seriously affecting relations between Bonn and Santiago. Holger, who on 28 May spoke with German Foreign Ministry Secretary Dieter Kastrup, did not manage to unblock the impasse.

Following the meeting with Kastrup, the Chilean special ambassador said that everyone had agreed, including Honecker himself, on leaving the embassy, and the only thing that remained to be defined were the conditions for how they will leave the embassy.

Holger today expressed "disappointment" with Margot Honecker's 30 May declaration to Russian radio, saying that under no condition will she and her husband abandon the embassy voluntarily, which practically is tantamount to a denial of Holger's statements in Bonn.

The Chilean diplomat, who has spent most of the past two months in Moscow, reasserted his former statements—that is, that Chile had officially informed the former GDR president that his presence at the embassy is temporary and that he should abandon it at some time, and that Honecker accepted this. [passage omitted]

Formal Charges 'Positive'

PY0106210292 Santiago Radio Chilena Network in Spanish 1700 GMT 1 Jun 92

[Excerpt] Minister Secretary General of Government Enrique Correa has stated that if Erich Honecker must appear before the German courts, he should do so, but through strictly legal channels. Correa added that this does not mean the government agrees that its guest should avoid the courts.

[Begin recording] With this viewpoint, we believe that the fact that the German courts have raised formal charges against Honecker is a positive step and we think that, in keeping with Article No. 13 of the Civilian and Political Rights Pact, which we have brandished as our main legal argument, Honecker must now be allowed to appear before a Russian court to defend himself against the charges for which he was expelled.

Anyhow, I believe that the fact that the talks will no longer be carried out in terms of political negotiations, but rather in strictly legal terms represents a positive step forward. I am sure it will help in finding a solution. [end recording]

Correa said that there have been no new developments in the negotiations and that Chile has not received any official statement on the issue from the Russian Government, which is a requirement for Honecker to leave the embassy.

He announced that a solution will soon be found and that the president of the Republic will work directly on the issue with Ambassador James Holger, who will be received by the foreign minister and government. [passage omitted]

Solution 'Not Imminent'

PY0206193192 Santiago Radio Chilena Network in Spanish 1700 GMT 2 Jun 92

[Excerpts] Chilean Special Ambassador James Holger has said that there is no imminent solution to Erich Honecker's case.

Holger arrived in Chile today and was summoned by the government to report on the recent developments in the case.

He said that progress has been made but there is no chance that Honecker will leave the Chilean embassy in Moscow soon.

[Begin recording] Honecker's exit, as some have speculated, is not imminent. As our government authorities and I have stated on many occasions this is a very complex, difficult problem. We must continue to tackle it with patience and determination. [end recording]

Holger said that the former communist leader is willing to leave the embassy under certain conditions.

He said that a consensus of agreement much be reached, adding that this will entail a more flexible attitude in which the involved parties, Chile, Russia, German, and Honecker himself, must make concessions.

Holger said that an attempt is being made to accommodate all parties without compromising the Chilean position, which is a matter of principles. [passage omitted]

Former Chilean Ambassador to Russia Clodomiro Almeyda has said that Honecker wants a solution to his case.

Almeyda returned to Santiago today to tender his official resignation and, as he said, to engage in politics and private activities.

Regarding the Honecker case, Almeyda refused to give any details. He said that an ambassador has been specially appointed for this case. [passage omitted]

Businessmen, Exporters Criticize Central Bank

PY0206034492 Santiago Television Nacional de Chile Imagen Internacional in Spanish 0000 GMT 2 Jun 92

[Text] Businessmen and exporters raised strong criticisms to the latest measures adopted by the Central Bank. They said Chile is isolating itself from the rest of the world and that, over the long term, national exports will be harmed a great deal.

[Begin recording] [Reporter Arturo Harlem] The measures adopted by the Central Bank last week continue causing debates. The measures meant to increase the depressed dollar exchange rate were labeled by the private sector as temporary and not attacking the root of the problem—that is, the high interest rates paid in Chile, which, the businessmen say, are much higher than those paid in the rest of the world. This means that many investors are bringing dollars into Chile only because higher interest rates are paid here; therefore, they are continuously depressing the dollar exchange rate.

[Industrial Development Association President Hernan Briones] The country is being isolated. Chile is turning into an island as it moves further away from international interest rates, which would allow us to grow more vigorously than at present.

[Harlem] The Commerce and Production Confederation [Confederacion de Produccion y el Comercio], the largest association of Chilean businessmen, believes that the Central Bank measures are well intended and demonstrate the government's intention to strengthen the dollar exchange rate and favor exporters. This confederation also has criticisms, however.

[Commerce and Production Confederation President Jose Antonio Guzman] Once again, it has been necessary to adopt partial measures to maintain the dollar exchange rate, which demonstrates that the previous measures adopted by the Central Bank did not yield positive results.

[Harlem] Those who are most annoyed with the latest Central Bank measures are the exporters themselves since they think the development they have attained in the last few years may be at risk.

[Unidentified individual] The measures adopted by the economic authorities are incompatible with Chilean needs for long-term development.

[Finance Minister Alejandro Foxley] It is very easy to criticize, but, right now, I could list all the measures adopted by the government to defend the exporters and the dollar exchange rate. This has been one of our constant concerns; therefore, I think that the comments by the exporters' leader are very unjustified and very exaggerated.

[Harlem] Minister Foxley also said that the government will not sacrifice the inflation, employment, and industrial development goals that it has set for 1992. He urged the businessmen to first observe the May 1992 economic indexes, which will be reported by the National Statistics Institute tomorrow, before continuing with their criticisms. [end recording]

Two New Parties Registered in Electoral Service

PY2905215692 Santiago LA TERCERA DE LA HORA in Spanish 21 May 92 p 10

[Summary] Two new parties registered yesterday at the Electoral Service: The Independent Progressive Movement [Movimiento Progresista Independiente] (MPI), and the Party Alliance of the Center [Partido Alianza de Centro] (PAC). The leaders of the MPI are as follows: Ximena Orrego, president; Elena Fornes, vice president; and Juan Carlos Moraga, secretary general.

The PAC is in a stage of internal organization and legal technical structure. It is led by former leaders and active members of the National Party and of the so-called Third Republic [Tercera Republica].

Frigate for Navy Purchased From Great Britain

PY0206020692 Santiago Radio Cooperativa Network in Spanish 2300 GMT 1 Jun 92

[Text] Defense Minister Patricio Rojas has announced the purchase of a Leander-type frigate from Great Britain. Rojas reported that the operation was implemented after several months of negotiations, and that this will be the fourth Chilean Navy unit of this type.

The new frigate will replace the destroyer Portales, and will be christened General Portales. The minister said that the purchase was a very good deal and was very advantageous for the country. The frigate's displacement is 2,800 metric tons, and it is fitted with a helicopter landing deck and modern electronic and communications systems.

The frigate will be assigned to the Second Naval Zone and will be used for personnel training.

Accord on Reestablishing Ties With Ireland Signed

PY0206021692 Santiago Radio Cooperativa Network in Spanish 2300 GMT 1 Jun 92

[Text] The Governments of Chile and Ireland have signed a protocol agreement on reestablishing diplomatic relations. The document was signed by Foreign Minister Enrique Silva and by his Irish counterpart David Andrews.

Chile will operate in Ireland through its embassy in London, while Ireland will do so from its mission in Buenos Aires.

Through his interpreter, the Irish envoy noted the major possibilities of the reestablished relations:

[Begin recording in English with passage-by-passage Spanish translation, in progress] ...bilateral relationships between our two countries. Trade is small at the present. I think the figure is approximately $12 million in favor of Ireland, and $10 million in favor of Chile, but I think that after this meeting, the figures will considerably improve. And I put that down to the friendship I have developed between your foreign minister and myself and my delegation. Finally, may I just conclude by saying what a great privilege it was to meet with your president [word indistinct] but the world at large looks to Chile under President Aylwin. [end recording]

The Irish envoy said that President Aylwin is the leader of a democratic process that has been carefully watched by all the world.

Colombia

Former Peruvian President Arrives, Comments

PA0206183892 Santa Fe de Bogota Radio Cadena Nacional in Spanish 1743 GMT 2 Jun 92

[Report by Pedro Jose Caballero]

[Text] Former Peruvian President Alan Garcia Perez has just arrived. He was only carrying one handbag with his personal belongings when he quickly came down the ramp, accompanied by Dr. Clemencia Forero, a Colombian and former foreign minister, and his lawyer Jorge del Castillo. Deputy Foreign Minister Andres Gonzalez was on hand to greet him. Here are his only remarks upon arriving in Colombia aboard an Air Force airplane:

[Begin recording] [Garcia] Journalists, upon arriving in Colombia, I want to convey my thanks to the Colombian Government and people, in this country of laws, for the protection they are giving to a former president and a democratic politician who is opposed to a dictatorship that is now casting a shadow over our continent.

I reiterate my sentiments and happiness over arriving on Colombian soil. As a Latin American democrat, I will also reiterate here that I will continue fighting against the dictatorship now ruling Peru.

[Caballero] Was your life in danger?

[Garcia] At one time, yes.

[Unidentified reporter] When? When did you decide to leave?

[Garcia] When I learned there was no way to solve the problem of having direct contact with the Peruvian people and with my party, the American Popular Revolutionary Alliance. Peru now needs a dialogue to make the restoration of democracy feasible. I thank you. I will be at your disposal at the hotel where I am staying.

[Caballero] Do you fear for the lives of your wife and daughters?

[Garcia] I do not think the dictatorship will dare do anything to my wife and children. Fujimori would have to answer personally to me for that. [end recording]

Holds News Conference

PA0306015292 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1920 GMT 2 Jun 92

[Former Peruvian President Alan Garcia news conference with unidentified reporters at the Emerald Room of the Tequendama Hotel in Santa Fe de Bogota—live]

[Text] [Garcia] Messrs. Journalists, I would like you to convey my greetings to the Colombian people and tell them I chose Colombia as the land of my exile, for my protection, because it is the homeland of law in Latin America. Santander taught us that the most important thing is that the law prevail over our personal interests. This land is a champion of democracy and it is populated by affectionate, sincere, and devoted people. That is why I state my gratitude to President Cesar Gaviria, the foreign minister, and the Colombian people because they once again protect a persecuted politician, a democrat, and a former president. In return for this generous welcome and asylum, I want to tell the Colombian people—who know about law and democracy—that I will continue to dedicate my life to the defense of freedom, the rule of law, and social justice. Those are the causes for which I will continue to struggle and the people who [word indistinct] can rest assured I will repay their generosity. I am ready to answer your questions.

[Reporter] You have just arrived in Colombia. What will you do in our country?

[Garcia] What the Colombians decide; what the Colombian people's generosity allows; I will be contacting friendly politicians, intellectuals, and journalists so they may hear the Peruvian democrats' and a former Peruvian president's version. In this way the Colombian people may learn about the circumstances surrounding my country's headlong rush into the dark night of a dictatorship and the destruction of democracy. I expect to contact leaders and, basically, I hope to reach these affectionate and good people.

[Reporter] Under what conditions would you return to your country?

[Garcia] When there is security and guarantees, and when I am able to fulfill the role the Aprista Party of Peru [PAP], meaning Haya de la Torre's American Popular Revolutionary Alliance [APRA], entrusted to me as secretary general.

[Reporter] [Words indistinct] Mr. Fujimori did?

[Garcia] All right. On 5 April, when he surprised Peru by brutally disrupting its democracy, my residence, with my four children sleeping inside, was brutally and abusively raided by 200 Army members. The house was surrounded by six armored personnel carriers. Fortunately, I was able to elude the attack. My house was occupied for four days and my wife was not allowed to enter. A farce was carried out in my house with my four children inside. The youngest of my children is four years old. It was claimed that weapons, mortars, and bazookas were found in the house. That is what was reported after an illegal and violent seizure, carried out during the course of a violent military coup. The plan was to issue legal charges, which was done, and immediately increase the penalties, based on the weapons' discovery. An accusation such as that guaranteed my arrest.

The same thing happened to former Interior Minister Agustin Mantilla, APRA's organization secretary. His house was raided and it was also claimed that weapons were found there. He has been in prison for 60 days now. The plan was to use legal ruses to neutralize, limit, gag, and control the Peruvian people's leading organized party and to preclude a former president's actions and thousands of our party's members. Our obligation was to lead the people's resistance.

[Reporter] [Words indistinct] in exile so normalcy may return to your country?

[Garcia] I think it has been shown that world opinion and the international community's consensus are extremely important. If it were not for the OAS and the Latin American governments' democratic participation, the dictatorship would not have taken a step backward and accepted its prehistoric, provisional, and temporary role. If it were not for the OAS, the possibility of electing a constituent assembly would not even have been mentioned. I believe the international community must always be kept abreast of the situation so it may not be deceived. I am convinced that the Peruvian Government intends to do so by trying to appoint a constituent congress full of limitations, for a short term, and subject to the rash actions of the dictatorship that simply wants a legal appendage that would discuss abstract constitutional issues, to complement its false role as a democracy.

[Reporter] Were you in danger of losing your life at any moment? If so, when? Are you worried about what may happen to your wife and daughters, who stayed in Lima?

[Garcia] I know that the children, who are minors, are not the government's target; nor is my wife, who has maintained throughout this period a courageous attitude that has filled me with pride. I believe that I am the government's target because I represent an organized and popular political movement. For that reason, we represent confrontation and the basis for resistance to the coup.

We not only represent the idea of liberty and democracy, we have also condemned the rabidly neoliberal economic policy that has been implemented in Peru, impoverishing the people and producing hunger. That is why APRA has emerged as the main opposition party. Other parties defend democracy and liberty, but we are also challenging the government's economic concepts. In 22 months, the government has reduced the salaries of the Peruvian people to one-half and in some cases to one-third of the original.

Peru is now producing 20 percent less than at the end of my administration. That is based on official figures. In the past 22 months, 400,000 Peruvians have lost their jobs. Right now there are 12 million Peruvians living in extreme poverty. When compared to the last government, this government shows the results of the rabidly neoliberal economic model that has been implemented in absolute submission to foreign economic policy dictates. APRA is confronting this situation while at the same time defending democracy. That is why APRA is the party with the most significant differences with the government. That is why there was this violent and strange attack on my residence. A residence is not normally attacked by 200 soldiers; a home is not normally attacked with weapons with silencers. It is not right to attack the home of a democratic politician and former president under whose administration no one was persecuted, not even harassed with taxes. It is a subterfuge used by dictatorships. The attackers used six tanks, an excess that made the attackers, who had their faces colored with black paint, appear ridiculous.

I remained underground so the government could not use me for a circus show or as an alibi; whenever I participated in an APRA meeting, the police would immediately show up, asking for me. That was in order to set in motion judicial proceedings based on an alleged finding of weapons. That is being done by a government that has changed all the judges and personally appointed new judges to administer justice.

[Reporter] If the situation is as critical as you say it is, what has stopped the people from rising en masse against Fujimori, as happened in Venezuela when democracy was attacked?

[Garcia] That is a question that touches the essence of society and demands that we speak directly to the Latin American people. It is true that all Latin American countries have more or less serious economic problems. We are a poor continent. Let's not fool ourselves. We are a continent where social injustice has led us to an economically calamitous situation. However, we cannot adopt the suicidal reasoning of one who kills himself to avoid a problem he cannot resolve. We cannot operate on the idea that since governments or congressmen cannot solve problems, we have to put an end to all that and become the dictators' slaves. The dictators cite inefficiency, the need to do without parliaments and parliamentary chit chat. They become modern-day Neros. I think it is necessary to caution the people of

America against false illusions because we would be in trouble. We already have problems.

Latin America's problem is going to be resolved slowly. We cannot irrationally decide to blame parliaments for what happens. Is it perhaps that the United States does not have serious congressional problems? What about the U.S. congressmen's bouncing checks? Has it not become evident that there is a lot of confusion in the Italian parliament? Is it perhaps that the developed countries don't have parliamentary problems? Why should we pick that issue to justify a dictatorship. I reject the mistaken position that would lead the Latin American people to say that if a parliament is not functioning well, or that liberty is not working, that we should sacrifice everything to become Army recruits or farm help. Even if the entire nation felt that way, the duty of those who believe in reason, ideals, and the objectives of society, is to struggle against false illusions.

Using polls to determine which way the wind is blowing does not mean that the reasons and the concepts politicians should defend are being defended. I believe, I have said this many times in Peru, that the coup d'etat in Peru was a product of the neoliberal model that is being implemented there. The government was beleaguered by recession, unemployment, and resurgent inflation that hampered exports. Then the government jumped forward, trying to escape the situation, and became a dictatorship. It had no other way out. The people are somehow backing the new situation, that act of arrogance, as it is said in bull-fighting jargon, because they are hoping something will happen, that something will change.

In stressful and difficult situations it is easy to find people who look for irrational ways out. That is what is happening on our continent. I want to remind the people that the rich countries also have inefficient parliaments, but those parliaments are not being closed. No one in the United States has thought about closing Congress. Institutions are respected. The institutions that have been working for centuries are respected, the law is respected. There cannot be a thug, a dictator, saying: Those articles of the Constitution that do not contradict the government are in effect. That is what is being said in Peru right now. There cannot be a thug appointing justices from among his relatives and friends. We cannot abandon the concept of a balance of power among the branches of the state. That balance is the fundamental guarantee of the rule of law in a nation. That is my answer to your question. We have to be careful with polls and emotional positions that can fool us and lead us to bad situations.

[Reporter] It has been said that the OAS has been [words indistinct] with Peru, and that it could affect the future stability of [words indistinct].

[Garcia] The OAS has dealt with the Peruvian case in two different ways. Its actions are very clear. There is the Latin American action and the U.S. attitude, which must be pointed out. Mr. James Baker's speech in defense of democracy was categorical. Had the OAS not acted, the dictatorship would have marched forward in a fascist fashion, without limits. Thanks to the OAS, the dictatorship at least has agreed to be provisional and to call a constituent assembly.

It looks like some appear to be satisfied with that first success and want everybody to back it without realizing that what is being acknowledged, the election of a constituent congress, could be just a farce, a parody, that could lead to the formation of an abstract legal appendix to the dictatorship. believe that the OAS must be demanding in that regard. If there is to be a parliament, it cannot be a parliament that bows to the dictatorship. No parliament suits a dictatorship. There are no constituent congresses with limitations or a servile attitude.

Colombia provided an example to the world. Colombia is a land of law, an example of how constituent parliaments can alternate as a result of dialogue and coexist in the framework of democracy, in spite of all the problems this country has: drug trafficking, terrorism, and guerrilla violence. There were problems 150 years ago, too. But this country upholds fundamental concepts and the people do not renounce those concepts, which is what has happened in Peru, or what the Peruvian Government has done.

Thus, the work done by the OAS has been important up to a point. It must now maintain the pressure and continue to watch the situation closely. Sustaining democracy is a daily task. Peru will end up as an old-fashioned dictatorship if the OAS is inattentive and accepts what it has achieved in Peru.

[Reporter] [Words indistinct] elections called by President Fujimori?

[Garcia] Personally, I am not going to participate in the elections. I would not like to run the risk of ending up as the dictatorship's lap dog.

[Reporter] [Words indistinct] the military supported Fujimori's government?

[Garcia] There are two ways of interpreting the Armed Forces' support of Fujimori's coup.

The first is based on good intentions. I do not doubt there are soldiers with good intentions in the Peruvian Armed Forces who believe it is necessary to disrupt freedom temporarily to stop terrorism. I know that several officers believe that in good faith. I have asked them if Peru's incredibly high unemployment rate, production decline, and setbacks in the social arena are not kindling subversion in the country? At any rate, there is a possibility the Armed Forces believes a strong and hideous dictatorship can stop subversion.

Other Armed Forces members are simply responding to old views. They believe citizens and civilians are recruits or farm hands. That is the old concept of dictatorship that has had terrible consequences in Latin America. It

is, however, always present. So, both interpretations can be combined to explain the reason the Armed Forces have backed Fujimori.

[Reporter] [Words indistinct] illegal enrichment. Can you comment on that? Are the charges true or false?

[Garcia] Sir, I am the only Latin American president who has been subjected, not only to an open investigation on charges against me, but to shame and humiliation for two years. I have talked for 20 hours in the Peruvian chambers and parliament during these 24 months. My case was transferred to the judicial branch and I was acquitted because I had done no wrong. Give me the name of a single Latin American president who has been able to stand a 24-month siege and an investigation on any charges.

It was popular to say negative things about Alan Garcia in Peru. I am ambitious and want to do things to attain glory and leave my mark on history. I say that most sincerely. The rightists' ambitions cannot be transferred to a politician. They want only to hoard money and adore the golden calf. I (?believe I did right) in daring to put my foot on the oligarchs' enormous economic wealth and the power they held, from the banks, over all [word indistinct] the Peruvian economy. In 1987, I proposed, wisely or unwisely, the nationalization of the financial system to control the enormous power those four groups had over the national economy. That action cost me all the humiliations and insults I have suffered. It was a sport to say things about Alan Garcia. A sport spurred on by several very powerful media sources with the bankers' resources and money. It was a sport that allowed anybody to say that the judge assigned to Noriega's case in a Miami court, had arraigned Alan Garcia. I had to go to the court in Miami and get the judge, Noriega's lawyer, and his prosecutor to state publicly and in writing—the documents were sent to the Peruvian Legislative Branch—that I had never been mentioned in the case.

I faced those attacks for two years because I am a democrat. I have a clear conscience and have nothing to fear, so I do not run. For two years I defended myself in the media, orally, in writing, before the cameras, the legislative branch, and the Supreme Court against the attacks. Democracy allows clowns to make charges against their enemies when they are unable to beat them politically.

However, democracy also compels a former president to face his people and defend himself from any charges of wrongdoing. I did it. I could have chosen to escape. I didn't. I defended myself with democracy. It it useless to say that there is a dictatorship, that is something completely different. I am also the only president in Latin America who has been under parliamentary investigation for two years and been exonerated three times by the judicial system as well as the Supreme Court.

[Reporter] According to [words indistinct] poverty and unemployment?

[Garcia] First of all, when the Supreme Court, the highest court of justice, decides to exonerate a person and dismiss the charges, then where are the accusations? Please be coherent. The accusations are over and the issue is closed. Opponents are entitled to say as they please. When there is a personality that makes them uncomfortable, then it is very easy to accuse that personality of anything. Envy is the appropriate [word indistinct], and political impotence makes a person say anything. Moreover, there are powerful economic interests in my country that no administration ever attempted to challenge. Therefore the Supreme Court decided to send the charges against me straight into the ash heap of history.

[Reporter] Some international analysts [words indistinct] have said that you concocted the asylum issue in order to resurrect yourself politically in light of a [words indistinct]?

[Garcia] No, no. That is a totally subjective speculation that you can continue to maintain, but I do not have [words indistinct].

[Reporter] I am merely commenting on what is being said....

[Garcia, interrupting] That is a completely subjective, speculative, absurd, hypothetical argument that is quite difficult to prove. If there were democracy, legitimate guarantees, and a parliament in Peru, then suddenly someone decides to request asylum somewhere, you would be entitled to repeat that theory. However, when 200 soldiers storm your house; when police continuously chase you; when trumped-up charges of weapons possessions are filed against you, I would dare you to repeat that it is all being fabricated for political resurrection.

[Reporter] [Words indistinct]?

[Garcia] I am quite sure that the courageous position adopted by Colombian Ambassador Jaime Gutierrez and his family to receive me in the Colombian Embassy, on Colombian soil, will bring about some kind of reprisals from the current military dictatorship in Peru. I am personally holding the Fujimori dictatorship responsible for anything that may take place to the Colombian Embassy in Peru.

[Reporter] When you say that powerful groups in Peru are getting even with you [words indistinct]?

[Garcia] The most opposition and immediate political persecution was occasioned by the 28 July 1987 decision to nationalize the Peruvian financial system. That decision took away control of the financial system from four powerful groups that control 300 of the most important companies in Peru. The intention was to avoid public savings or national savings being used to benefit small, powerful groups. The week after the decision, there were speculations about the house I had recently bought. I bought the house before becoming president. When I

asked what does my house have to do with my administration, they answered that previously I was a deputy and answerable as such. Before becoming deputy, I was a constituent member, so they said let us investigate what you did as a constituent member. In other words, you just can't win. The real objective was to investigate [word indistinct], to hold up to public scrutiny any politician who decides to challenge or stand up to powerful groups.

[Reporter] What are your plans while in Colombia? Do you intend to live in Bogota, or in any other Colombian city?

[Garcia] If only it were possible. I would really like to stay if I were allowed.

[Reporters, interrupting] [Words indistinct]?

[Garcia] Please allow me to answer. If only it were possible for me to stay in Colombia. There are countless reasons why someone would want to live in this country. Not only reasons brought about by circumstances such as mine.

I have seen the newspapers accurately report how, exactly 43 years ago, my current age, Haya De La Torre, one of the most important politicians in Latin American history and an early proponent of Latin American integration, also sought asylum in Colombia.

Back then, there was no OAS or world opinion and he had to stay here for five years, four months, and three days. But Colombia defended him. There were liberal and conservative governments, and even a dictatorship, but there was only one principle: the defense of rights and of asylum.

When I was asked why I had chosen Colombia, I said: After this example of five years, four months, and three days, no other evidence is necessary to know that it is not only a land with respect for rights in accordance with Santander, but also because of its vocation to defend democracy and the people, who speak in the name of liberty.

[Reporter] You entered the Colombian Embassy at 1900 on 31 May. What time did you decide to go to the embassy and why?

[Garcia] The suggestion was presented to me on 5 April, when I had to flee through five houses—over their roofs, with an agility I did not know I had, and which I hope I will never have to try again. At that time, I was told I should take refuge somewhere. I chose to stay to lead the party and have relative, limited, and totally sporadic contact with its members.

The latter decision was made in Villa El Salvador, a large district in Lima with a large population, when 20 minutes after I had spoken, government personnel with weapons—even if the police chief says that the police, quote unquote, had nothing to do with it—appeared on the scene.

That caused the APRA to authorize me, or rather order me, to leave the country through the best possible means. I decided that the best possible means was to go to Colombia.

[Reporter] [Words indistinct]

[Garcia] I cannot answer in the name of the party right now. I will definitely not participate in that Constituent Congress. I cannot... [pauses] I, sir, was president after being elected by 53 percent of all Peruvians. During my regime all liberties were respected, especially the freedom of press and opinion.

No Peruvian was ever persecuted, not a single one. They were all able to insult the president as often as they wanted. I learned that from Santander too.

It would be very wrong of me, sir, despite the calling of a constituent assembly, to allow myself to form part of a judicial branch that will coexist with a dictator who has broken the law once, and will probably do it two, three, or four more times. A leopard does not change his spots.

[Reporter] [Words indistinct]

[Garcia] Please do not make me state opinions that I will communicate to my fellow party members in due time.

[Reporter] When do you expect to return to Peru?

[Garcia] When do you think I should return? Give me some advice. I just left.

[Reporter] Mr. President, in accordance with your analysis of Latin America and especially Peru's problems, what are the short-term solutions?

[Garcia] Well, that could be discussed during a news conference we could hold in the next few days.

[Reporter] In the Peruvian case?

[Garcia] Some emergency measures should be adopted. The only real solution, please allow me to say, for our problems, is integration. There is no other viable national long-term project for Peru, Colombia, or Venezuela, besides Latin American integration. Each day lost in the Latin American integration process is a crime against Latin America and our peoples' future.

Now, with regard to concrete and provisional economic policy, no economic model will last except for Latin American economic integration. In this world of global economies, as they call it, we need a large arena and a large presence. Each one of our countries, no matter how important it may think it is, will be harboring an absurd and suicidal illusion if it tries to negotiate by itself the debt, the price of coffee, copper, oil, silver, or the purchase of international products.

Only through integration can we overcome. The OAS has demonstrated that in some aspects. What can we do for the time being? Reduce some payments being made abroad. Peru has paid 1.4 billion [currency not specified]

and has been lent 350 million. That is one of the reasons for the very grave crisis Peru is enduring right now. If we reduce payments and dedicate those funds to increase production and jobs and, therefore, tax revenues, the country will resolve temporarily perhaps the serious hole that right now is damaging the national economy. That is my answer.

Above all, with or without a crisis, we must have liberty, democracy, equality, the separation of powers, and the rule of law. We cannot renounce that, regardless of how deep the crisis may be.

[Reporter] [Words indistinct] what would be the future of the APRA in Peru?

[Garcia] The future task of the APRA is to demonstrate that the government harasses the democratic people of Peru.

[Reporter] Mr. President, very respectfully, you have said that your country's courts found you not guilty of all the charges filed against you. President Fujimori has said, though, that one of the reasons he carried out a coup was the corruption that existed in the judicial branch.

[Garcia] What about the corruption in the government palace, where members of President Fujimori's family negotiated over donations from other countries?

[Reporter] But a little....

[Garcia, interrupting] Please, allow me to finish. Do not bully me. It looks like a coup is in the making in this news conference. [laughter] Two weeks prior to the sad night of 5 April it was found that there was tampering with donations. That was revealed by none other than the president's wife. When a party confesses to a crime, the evidence becomes superfluous. The parliament initiated an investigation. I think that fears of the scandal that the investigations would produce is what set off an already prepared project. So if we want to talk about morals, there are many issues right now that would lead us to say: Worry not about the mote in someone else's eye, but about the beam in yours.

[Reporter] Forgive me for insisting, Mr. President, but do you think there is political corruption in your country?

[Garcia] Do you think any Latin American country is free of corruption? There are problems everywhere. We see that everywhere. Do you think corruption has ceased to exist in any of the developed countries? Why do we put so much emphasis on grotesque issues such as corruption, parliamentary glibness, whenever we want to justify coups or undemocratic absurdities in Latin America? Why can't we see that the rich, developed, and civilized countries know how to overcome those problems without sacrificing their liberty and democracy?

* Progress of Reinsertion Program Discussed

92SM0404A Santa Fe de Bogota EL TIEMPO in Spanish 3 May 92 p 3A

[Article by Maria del Rosario Arrazola]

[Text] A little more than two years ago, Colombia acquired 3,145 new citizens. They had always lived in the hills, dressed in military uniforms, carrying rifles, and listening, day and night, not only to the sound of bullets but also to the lessons of Lenin that spoke of the taking of power by armed struggle.

They grew up believing that communism was the solution and that history was on their side. Their only guide was the commander, and their motivation was combat.

One day, their leaders decided to change the course of history and sit down and talk with one of their enemies: the government.

They listened to words that had no meaning in their vocabulary: demobilization, disarming, reincorporation, credits, scholarships, small industries....

Their commanders signed agreements; they handed over their weapons, and it was only at that moment that they understood that the struggle of so many years had lost meaning and that, from then on, another battle was beginning for which they were not prepared: to face civilian life and to act according to the rules of the economy.

EL TIEMPO, as a result of the many problems that have arisen during the demobilization of the ex-guerrillas, including the murders of a number of ex-guerrillas, interviewed Carlos Franco, spokesman of the Popular Liberation Army [EPL] for demobilization affairs, and John Gomez Restrepo, director of the presidential program for reinsertion.

The opinions of other persons who have followed the peace process were also taken into account to learn just how the projects for ex-guerrillas have been progressing.

Today, the government and the ex-guerrillas recognize the structural flaws that were made in the design of the process and, of course, their mutual inexperience.

"It was impossible to create 2,000 enterprises in six months", is the first explanation offered by Carlos Franco. "We did not take into account the need to explain macroeconomic trends, the free-market model, and its relation to regional development; in sum, there were many things that we regret today."

According to Franco, neither the government nor the guerrilla groups were ready to take on such grandiose and important plans.

There Was No Preparation

"First of all, the total concept of the program was not taken into account, the objective of which, in the final

analysis, is the conversion of the EPL into a political participant. Furthermore, it was a very low-profile process, divorced from social policy and in which activities were not tailored to specific zones."

In addition, the demobilization was calculated to end in six months, and factors, such as excessive centralization, lack of legal support, closer coordination with private enterprise, promotion of the process, and creation of an economic strategy around peace, were not taken into account.

Nevertheless, the present outlook is much more encouraging, although ex-guerrillas are being made victims of a terrible plan of extermination. Since they handed over their weapons, about 90 ex-combatants have been murdered by paramilitary groups and by EPL dissidents, according to accusations.

"We can say that conditions have improved substantially", says Franco. "The entry of Gilberto Echeverri into the Council of Social Affairs and of John Gomez Restrepo have helped to unblock the situation."

Of the 9.6 billion pesos allocated for plans for the EPL, the M-19 [19 April Movement], the Quintin Lame and the PRT [Revolutionary Workers Party], one-fourth has already been spent, which has made possible the establishment of businesses, small industries, and community projects, all managed by ex-guerrillas (see box).

"Within 60 days", said Gomez Restrepo, "all of the ex-combatants should be working because the paperwork for the necessary expenditures was expedited."

In the view of the director of the Program for Reinsertion, the greatest difficulty he has encountered is the lack of knowledge among those being reinserted about how to manage a business.

"Nevertheless, I visited several companies already under way and was pleasantly surprised. There are projects that work perfectly, and I intend to continue making these visits."

Just as Franco indicated, it will be necessary in the future to include the civilian population and to work concurrently toward geographic reinsertion and making the country view peace favorably. "Peace is definitely less costly than war. Also, it produces an explosion of optimism in Colombia, and we must invest in that."

John Gomez Restrepo's position was not only created to speed up the programs for the four demobilized organizations. There is an objective that cannot be abandoned, even if it is in the long term: the eventual demobilization of the 12,000 men who compose the Guerrilla Coordinating Board [CG].

Looking at the CG

"We are getting ready to take on the programs. Once the first phase with the M-19, the EPL, the Quintin Lame, and the PRT is completed, we will begin the second, with the FARC [Revolutionary Armed Forces of Colombia] and the ELN [Army of National Liberation]. We are preparing social impact studies."

In fact, there are four programs that, if successful, will supply the demand for jobs for the new citizens.

The first involves the construction of fish ponds on 1,000 hectares for hatching and selling fish. The first experiments are already being carried out in Uraba, Putumayo, and Cordoba.

The second plan has to do with reforestation and will be carried out in association with Inderena [Institute for the Development of Renewable Natural Resources]. "About 600,000 hectares of trees are cut down in the country each year, and only 10,000 are replanted," Gomez Restrepo said. "This project would generate permanent employment because every two hectares requires one worker. Also, a permanent guard will have to be established in the woods and fields, which would be composed of ex-guerillas."

The third is to establish a plant for recycling garbage. "In Colombia, 50,000 families make their living from recycling, and according to our plan, one job would be created for each kilo. In Bogota alone, recycling creates 9,000 jobs."

The fourth program deals with the establishment of a commercial fruit company with its own warehouses in market countries. "These are studies and projections that not only would provide work for the demobilized but also for a large part of the population."

[Box, p 3A]

Under Way

An agreement was signed with Social Security for medical care for ex-guerrillas.

The University of Valle granted scholarships to 50 ex-combatants, the University of Cordoba to 32, and the University of Atlantico to another 32.

In Cartagena, of the 92 demobilized persons in this city, 72 already have projects approved, and 14 are in operation.

In Cordoba, 45 persons bought tractors and rent them out. The project serves 2,000 small growers. Warehouses were purchased from Idema [Agricultural-Livestock Marketing Institute] to create 200 jobs.

In Medellin, 240 persons have projects approved. The ex-guerrillas founded Coofuturo, a taxi company, and 200 persons are working there.

In Bucaramanga, two illuminated-advertising inventions were patented by ex-members of the EPL.

In Cartagena, a supermarket employs 18 persons.

In Golfo de Morosquito, 17 ex-combatants work in a fishing project.

In Uraba, there is a livestock farm.

Security for the leaders will be managed by the DAS [Administrative Department of Security] in conjunction with the police.

In the area of education, governors and mayors, under presidential orders, will be in charge of processing scholarships, university quotas, and literacy programs.

Ecuador

Cordovez Says Relations With Peru Unchanged

PA0106143492 Quito Voz de los Andes in Spanish 1130 GMT 1 Jun 92

[Text] President Rodrigo Borja's planned trip to Peru remains on his schedule, but the final decision to go will be based on conditions at the time. Foreign Minister Diego Cordovez said relations with Peru have not changed or been interrupted. He reiterated that Ecuadoran interests will prevail over any incidents that may take place in Peru. For that reason, the talks between Ecuador and Peru are progressing toward a final solution to the latent territorial dispute. We want to continue the talks, the foreign minister added, because we want to find a just and honorable solution as soon as possible. To do that, he said, we must take all the necessary steps at the opportune time.

Cordovez stated that the president will travel to Peru if the conditions are right. His visit will reciprocate Peruvian President Alberto Fujimori's official visit to Ecuador made early this year. The foreign minister also said the meeting of Ecuadoran and Peruvian military chiefs was postponed after an agreement to that effect was made with the Peruvian foreign minister during a recent meeting at the OAS headquarters. Cordovez added: We have not discussed the matter since that time.

Paraguay

Rodriguez Says He Will Leave Power in 1993

PY0206195792 Asuncion ULTIMA HORA in Spanish 2 Jun 92 p 9

[Excerpt] President Andres Rodriguez reaffirmed this morning that he will fulfill his commitment to step down in 1993 and leave power "to whoever is freely and democratically elected for the post." The president thus dismissed any possibility of reelection.

Rodriguez said this during the "Good Morning, Mr. President" program. Asked if he would accept reelection in the next presidential elections, Rodriguez said: "The law must be respected." The president was apparently referring to the recent Constituent Assembly decision, forbidding presidential reelection.

"Besides, I am committed before the Paraguayan people and the international community to hand over power in 1993 to whoever is freely and democratically elected for the post. I intend to fulfill that commitment just as I intend to fulfill all the other commitments with my people," Rodriguez stressed.

Rodriguez made a similar clarification on 30 December 1991 during the inauguration of the National Constituent Assembly. At that time there was speculation over Rodriguez' reelection because some quarters argued that a ban established in the new Constitution could not affect the present Constitutional period.

"When I accepted the great privilege of this presidential office I promised to hand over power and all its inherent prerogatives at the end of the present constitutional period," the president said on that occasion.

He said: "I have received encouragement and support and I am thankful for that. However, on this solemn occasion and with my mind set on the honor of the Republic, I fully and emphatically ratify that decision. My mandate will end on 15 August 1993. I will fully comply with my promise as a citizen and soldier," as ratified before the Constituent Assembly members. [passage omitted]

Association of Press Group Officially Presented

PY3105030892 Asuncion ABC COLOR in Spanish 29 May 92 p 8

[Summary] The Paraguayan Association of Press Organizations [Asociacion de Entidades Periodisticas del Paraguay, ADEPP] was officially presented during a ceremony on 28 May. The main goals of this association, which was created last year, are to defend the freedom of expression in general and press freedom in particular.

Peru

San Roman Compares Fujimori With Guzman

PY0206210792 Madrid EFE in Spanish 1618 GMT 1 Jun 92

[Text] La Paz, 1 Jun (EFE)—Maximo San Roman, Peru's "constitutional president," has told the La Paz newspaper ULTIMA HORA that Peruvian President Alberto Fujimori and Shining Path terrorist leader Abimael Guzman "follow the same path in their attempt to disrupt democracy."

In a telephone interview published by this newspaper on 1 June, San Roman said: Fujimori's administration is "usurping power, mocking the public, and creating a very confusing situation."

San Roman was elected Peru's "constitutional president" by members of Congress. President Fujimori, with the support of the Armed Forces, dissolved Congress on 5 April.

Concerning the Peruvian president's real objectives, San Roman said: "Nobody knows the real situation. I am very surprised at the increasingly imprecise and confusing remarks by usurper Fujimori."

San Roman, the opposition leader, said that popular support for Fujimori, which is stated as being over 70 percent, is the result of "the people's desperation and anguish and the demagogy used to deceive them."

During the interview, San Roman said that he has the support of "all organized sectors, including the Bar Association, labor unions, economist organizations, several business unions, public employees organizations, and the Catholic Church."

San Roman said that Fujimori "has no affection whatsoever for Peru and lacks Peruvian roots." He said: "Fujimori is confusing democracy with hand picking people [dedocracia], probably because he is not a fluent Spanish speaker."

Belaunde Terry Interviewed on Fujimori Government

PA3005040792 Lima Panamericana Television Network in Spanish 1200 GMT 29 May 92

[Interview with Fernando Belaunde Terry, former "constitutional" president, by Roxana Canedo at the Lima Panamericana Television studios—live]

[Excerpts] [Canedo] Good morning, Mr. President. How are you?

[Belaunde Terry] Good morning, it is a pleasure to be here.

[Canedo] Thank you for being with us after a very prolonged silence.

[Belaunde Terry] That is correct. I am glad to be here, because in a certain way, this is a continuation of my campaign known as visiting town after town.

[Canedo] What is the stand of the Popular Action [AP] party in the face of what many consider a commitment by Alberto Fujimori? All newspapers and television stations reported on 29 May that the political parties have proposed a political dialogue and elections for a constituent assembly. Furthermore, they have set dates. Would that hinder the possible dialogue between the national emergency and reconstruction government and the political parties, which is what the OAS is in effect demanding?

[Belaunde Terry] Mr. Fujimori is the person who has set the dates. Without consulting anyone, not even his ministers, on 5 April he terminated the constitutional regime he himself headed. That is something for *Ripley's Believe It or Not.*

[Canedo] Will there be a plebiscite on 5 July, even when the OAS has not said....

[Belaunde Terry, interrupting] No, not a plebiscite. The idea of a plebiscite is unacceptable.

[Canedo] He did not say it at the OAS, but it was written in his speech, and he has pointed that out in our country...

[Belaunde Terry, interrupting] No, the OAS cannot lend itself to that maneuver. Mr. Gros Espiell will arrive on 30 May, and naturally the mission members have a diplomatic attitude, not a provocative or aggressive policy. The mission members do have a firm stand, I believe, and they are not going to accept a plebiscite being held with an ulterior motive, that is, with the pretext of change.

AP has two key proposals: It does not accept a plebiscite with conditions and the assembly must be a sovereign one. There cannot be a modified assembly.

[Canedo] Pardon me, it has been said it will be a democratic constituent congress and not an assembly. What is the difference?

[Belaunde Terry] Actually, what is being sought is that the congress first act as an assembly for one, two, or three months—I do not know for how long—and later, it will become a congress. That happened in 1931 when an assembly of that type was convoked during the Sanchez Cerro administration. First, the group worked on a constitution and then it became a congress.

[Canedo] It would now be worthwhile to ask what Fujimori asked during an interview with the Panorama television program: Why is everyone so afraid of the plebiscite or referendum announced for 5 July?

[Belaunde Terry] I would turn that question around and ask: Why the big interest in holding a plebiscite?

[Canedo] Will you please answer that question?

[Belaunde Terry] Well, it would be for the purpose of legalizing what is illegal. Actually, we do not understand what has happened in Peru. We all recognized the legitimate presidency of Mr. Fujimori. We had no doubts about that and abided by that. The government was on the path of normalcy, but naturally with a pluralist parliament because that was the Peruvian people's decision. The people were divided in the elections, to the point that Mr. Fujimori only obtained 24 percent of the votes in the first round. That is his true strength, which is reflected in the Congress he does like at all. Why does he not like it? Because he only controls 24 percent of it. He then dissolved the Congress for his own personal convenience. Countries are not ruled for personal convenience, but by the high interests of the nation.

[Canedo] Nonetheless, the Peruvian people endorse Mr. Fujimori. The polls are still very high. Furthermore,—and according to a column in the 29 May newspaper written by Manuel Ornelas and based on important polls

showing support—the majority does not consider Fujimori a dictator or a coupist. They believe we are living in a democracy. A high percentage feels...

[Belaunde Terry, interrupting] We would have to ask: Which majority? We now have a democracy of polls and forecasts. Our democracy, the one in which we participated and ruled for 10 years, was a democracy of votes.

For example, no one mentions the AP won the runoff elections...

[Canedo, interrupting] But he was chosen in free elections...

[Belaunde Terry, interrupting] Several months ago, runoff elections were held in the nation's most critical areas and AP won. The elections were not the results of a poll or a forecast, but the results of an election by votes, which has not even been considered. We should not be misled by siren songs, we already have had past experiences with forecasts. Why did the world renowned Gallup company leave Peru? Why was it not able to continue operating here? They were not able to continue working because the polls were not reliable and there were pressures. I have more faith in what I once labeled as live demonstrations. Mr. Fujimori received meager support at San Martin Plaza. Those who counted very generously said 10,000 people were present. That is a very poor turnout, particularly when Maximo San Roman subsequently held a rally that was twice as large according to impartial sources. Those are the living polls. The other polls are taken from a group of 100 previously selected persons. A sampling from 100, 200, or 300 persons cannot be used.

[Canedo] The people believe the measures adopted by Mr. Fujimori are good, that the country is going to change, that the country is going to be moralized...

[Belaunde Terry, interrupting] Yes, of course, that is in regard to the judicial branch...

[Canedo, interrupting] Excuse me, he was chosen in a free election...

[Belaunde Terry, interrupting] The Congress was also chosen in a free election—it is the exact same thing. Then, how can the votes be valid for the president and not for Congress? Mr. Fujimori won in the same fashion as the parliamentarians, who have been dismissed, just like Maximo San Roman. It is exactly the same situation. They have obtained the same number of votes, they have the same rights resulting from that election. Therefore, there are superficial considerations that are championed by a specific press. There are links of friendship and there is a great deal of power involved. There is also the desire that difficult times do not come to Peru, that is the truth. Look here, what we have is a smoke screen to hide the inactivity of the government. Why do we have to bring a jug of water here, and why did we have to climb 13 floors? It is because there is no electric power. The current government is synonymous with an almost permanent power outage and the lack of potable water. Those deficiencies are so serious that it was necessary to create a storm to divert the people's attention to other issues. That is the psychological bottom line of the coup, which has resulted in the loss of prestige for Peru abroad and domestically it has meant disaster. [passage omitted]

[Canedo] Before concluding, I want to pause here. We have an interview published in CARETAS with Luis Bedoya Reyes, leader of the Popular Christian Party [PPC], who formed part of FREDEMO [Democratic Front] with AP. Bedoya points out that in PPC's opinion Fujimori's greatest merit—within the initial process of his government—is his capacity to rectify. At that time, it fundamentally implied his perception that his program was not right for the country and therefore he was forced to change his policies—which at that time coincided with the PPC position. Bedoya goes on to say that the reinsertion of Peru was so critical that Fujimori was forced to go to the Bahamas, as if he was on the bench of the accused, to offer his rectification. That demonstrates Fujimori's willingness to rectify.

[Belaunde Terry] That is all very well, but Fujimori should then rectify all his errors. He cannot change the constitutionality of Peru. He does not have any right to do that. The Constitution prohibits...[pauses] the Constitution strictly prohibits the dissolution of the Congress. Dissolution is only allowed by the Chamber of Deputies when there has been three censorships of three cabinets. [passage omitted] The gentleman does not know what it is to have a relatively easy government within pluralistic conditions not determined by the opposition. There were the results of the elections in which FREDEMO, Fujimori, American Popular Revolutionary Alliance, and other candidates participated. The nation's reaction was pluralistic, and a democrat has to accept the people's decision. He has to accommodate his government to the people's decision. It is not permissiveness or anything like that.

[Canedo] The political parties should also be admonished. A television viewer has called in and asked why there is opposition to a president that has the people's support.

[Belaunde Terry] Who opposes him?

[Canedo] The political parties....

[Belaunde Terry, interrupting] No, not at all. I can talk for AP. We have acted very honorably. Personally, just before the coup, I made a public statement that we would support Minister Bolona. Is that opposition? True, we are from different political parties, we have our differences, but, there were no low blows. We were willing-....[pauses] when we participated in a secret meeting at the Senate—I am not going to disclose that here as it was on a very touchy international matter—it was I who calmed the spirits of the parliamentarians to avoid a setback for the government. I felt that setback was damaging to Peru. What do the people want, a bunch of

yes-men, who only flatter the president? I never allowed flattery. If I have a virtue it is that I never allowed flattery. [passage omitted]

AP To Run Candidates

PA0206195792 Lima Panamericana Television Network in Spanish 1200 GMT 2 Jun 92

[Text] Former President Fernando Belaunde Terry confirmed the participation of the Popular Action [AP] party in the coming municipal and regional elections. Belaunde Terry pointed out that AP would also participate in the election for the constituent congress, but it would be subject to what rules are established by the government. Belaunde Terry made the statements in the crowded meeting commemorating the historical 1956 manguerazo [when political demonstration led by Terry was dispersed by police using water cannons].

[Being Belaunde Terry recording, in progress] ...as stated in the Constitution. The defense of constitutional power does not involve a person but involves constitutional powers. It is the Constitution of both the executive and the legislative branches. If the legislative branch's election is not valid, the executive branch's is much less valid. [applause] We must exert pressure so that only the national interest will prevail and so that each person will fulfill his duty, in keeping with his qualifications and patriotism. We hope this union does not disappear. The unity we see here, which fills me with joy.... [crowd interrupts by shouting: Belaunde, unity; Belaunde, unity] [end recording]

During Belaunde's speech, which lasted approximately one hour, he criticized the current government for interrupting the nation's constitutionality. He demanded respect for the Constitution, highlighted his party's victory in the past run-off elections, asked the Armed Forces to be patriotic and not take sides with any one party, while he also criticized any attempt to hold a plebiscite. He also asked the government to be very clear and act honestly when enforcing the upcoming measures.

The National Police were present at the meeting to guarantee order. In the middle of his speech, Belaunde confirmed the AP would participate in the coming municipal elections and, depending on the conditions established, might also participate in the elections for the constituent congress.

'Texts' of Supreme Decrees Published 2-3 May

PY2905181392

[Editorial Report] Lima EL PERUANO in Spanish on 2 and 3 May publishes legal supplements with "texts" of the following supreme decrees signed by President Alberto Fujimori and Economy and Finance Minister Carlos Bolona Behr:

2 May

On pages 106660 and 106661, the 800-word Supreme Decree 078-92-EF approving a debt consolidation agreement between Peru and Belgium within the framework of a Paris Club and IMF agreement. The agreement reschedules a 101.250-million franc "amortization" plus 29,803,082 Belgian francs in interests, sets the number of annual installments at 10, and states that the debt will fall due in 2002;

On pages 106664 and 106665 the 1600-word Supreme Decree 080-92 EF approving a debt consolidation agreement between France and Peru within the framework of a Paris Club and IMF agreement. The decree approves the consolidation of five different debts that total approximately 5.2 billion French francs, plus $18.4 million at interest rates that range from 3.7 percent to the LIBOR, London Interbank Offered Rate, rate plus 0.4 percent. The debts are divided into equal payments, four of them falling due as of year 2000 and one falling due as of 1993;

On pages 106662 and 106663 the 900-word Supreme Decree 081-92 EF approving the conditions for debt consolidation between Sweden and Peru. The decree consolidates two groups of debts, the first falling due as of 2000 and the second falling due as of 1993. The interest on the debt in Swedish crowns is set by the Stockholm Interbank Offered Rate and the debt in U.S. dollars by the LIBOR rate;

On page 106664 the 1200-word Supreme Decree 077-92 EF approving the conditions for debt consolidation between Italy and Peru. The decree states that the agreement is within Paris Club and IMF agreements. The consolidated debts in Italian liras and U.S. dollars that fall due as of year 2000 at interest rates that vary from 1.5 percent to 11 percent;

On pages 106661 and 106662 the 1100-word Supreme Decree 079-92 EF approving the consolidation of the Peruvian debt with Switzerland. The decree states that the debt of 170 million Swiss francs will be paid as of 2000 at 7.625 percent interest rate.

3 May

On page 106679 the 950-word Supreme Decree 085-92 EF approving the consolidation of the Peruvian debt with the Nederlandsche Credietverzekering Maatschappij of the low countries. The decree states that the agreement is within Paris Club and IMF agreements and that payments will start as of 2000 at 9.1 percent interest;

On page 106678 the 900-word Supreme Decree 084-92 EF approving the consolidations of the Peruvian debt with Norway. The decree says that the agreement is within Paris Club and IMF agreements and that payments will start as of the year 2000. Interest rates are set

at 10.5 percent for the debt in Norwegian crowns and at the LIBOR rate plus 0.5 percent for the debt in U.S. dollars;

On page 106677 the 800-word Supreme Decree 082-92 EF approving the consolidation of Peruvian debt with the Oesterreichische Kontrollbank AG, Vienna of Austria. The decree states that the agreement is within Paris Club and IMF agreements and that the debt of 934 million Austrian shillings will be paid as of 2000 and the interest rate will be set by the Austrian Export Promotion Rate plus 0.6 percent.

Newspapers Report Terrorist Actions, Reactions

PY0306010992

[Editorial Report] Following are reports on terrorist activities in Peru compiled from Peruvian papers published between 22 and 25 May.

Troops Kill 11 Subversives—On 18 May, a column of Shining Path terrorists attacked Quiparacra. An Army unit pursued and engaged the terrorist column in Maya, Huachon District, Cerro de Pasco, killing 11 subversives. Second Sergeant Valentin Calderon Felizardo was also killed during the clash. (Lima EL COMERCIO in Spanish 22 May 92 p A14)

Subversives Attack Bus—Shining Path guerrillas attacked a bus and an Army patrol killing four passengers and five soldiers near Pozo Azul, 20 km from Tingo Maria. One subversive was killed and two were captured while 17 bus passengers and three soldiers were wounded. The dead passengers were identified as Ruben Walter Curi, Victor Rodriguez Peralta, Pepe Espinoza Rivera, and Maria Quispe Gutierrez. (Lima LA REPUBLICA in Spanish 22 May 92 p 22)

Bomb Explodes Behind Barracks—Shining Path terrorists have detonated a car bomb behind the Barbones military barracks. The bomb contained 10 kg of dynamite. It caused damage to buildings but no victims. (Lima LA REPUBLICA in Spanish 22 May 92 p 22)

MRTA Takes Over School—A group of Tupac Amaru Revolutionary Movement, MRTA, armed terrorists took over the Mariscal Caceres School in Collique. They ordered all staff, students, and employees out into the yard and urged them to cooperate in the fight against the government and the Shining Path. One of the terrorists read a list of five teachers who were threatened with death. The terrorists painted the walls with slogans, hoisted a red flag, and fled. (Lima EXPRESO in Spanish 23 May 92 p A11)

MRTA Commando Arrested—The Fifth Regional Police in Iquitos have reported capturing a Tupac Amaru Revolutionary Movement group. The group was headed by Army Noncommissioned Officer Raul Vargas Ferreyra and included terrorists Ray Rios Gonzalez, Enma Reategui Tello, Ivan Llerena, Juan Escobedo Valdivia, and Constantino Moreno. The police seized dynamite, 22 machine guns, ammunition, and grenades. In another incident, the Shining Path murdered Pedro Inchicaqui who had deserted from the movement in Huaraz. In a third incident a Shining Path column attacked Chantabamba, 200 kg north of Huancayo. The terrorists dragged Mayor Timoteo Lazaro Naupari, Lieutenant Governor Elmer Minaya Espinoza, and Judge Pedro Bravo Rojas to the main square, submitted them to a popular trial, and then shot them in front of the rest of the population. The terrorists dynamited the municipal building and the mayor's home. (Lima EXPRESO in Spanish 23 May 92)

Police Capture Nine Terrorists—The National Police have captured nine terrorists who were in a stolen station wagon in Surco. One of the arrested individuals is said to be Efrain Morote Durand, son of Shining Path leader Osman Morote. The police seized explosives, arms, and subversive propaganda. The cell was responsible for preparing car bombs to attack targets in Lima. (Lima EL COMERCIO in Spanish 25 May 92 p A10)

Uruguay

President Holds Talks With Japan's Takeshita

OW0306040392 Tokyo KYODO in English 0224 GMT 3 Jun 92

[Text] Montevideo, June 2 KYODO—Uruguay's President Luis Alberto Lacalle told former Japanese Prime Minister Noboru Takeshita on Tuesday that he plans to propose at the earth summit an international legal system to settle global environmental problems.

Japanese officials quoted Lacalle as saying he wants to propose the establishment of laws that would define the responsibility of nations, corporations and individuals for destroying the environment.

Lacalle noted the importance for the industrial powers and developing nations at the earth summit to deal with environmental issues as legal problems, not political ones, the officials said.

The summit, officially known as the UN Conference on Environment and Development (UNCED), is to open Wednesday in Rio de Janeiro and will run through June 14.

Takeshita, who will speak at a Rio summit event Thursday, told Lacalle that Japan is determined to contribute to solving global environmental problems both technically and financially, making use of its antipollution experiences. He also indicated that the summit would set up a special committee to discuss how to raise funds to finance environmental preservation efforts. The UNCED Secretariat estimates that an annual 125 billion dollars is necessary to finance a number of environmental protection plans, such as preventing global warming, preserving forests and improving energy efficiency.

Also in the meeting, Lacalle called for Japanese investment in Uruguay, citing the establishment of a common

market with Brazil, Argentina and Paraguay, with a combined population of 200 million, the officials said.

He also asked for Japanese help in promoting plans to build a road from Sao Paulo, Brazil to Valparaiso, Chile, and a 40-kilometer-long bridge across the River Plate where it flows into the Atlantic near Buenos Aires.

Earlier in the day, Takeshita met Foreign Minister Hector Gros and agreed that Japan and Uruguay would keep close contacts over the course of political events in Peru, Japanese officials said.

Gros, who serves as chairman of the foreign ministers' meeting of the OAS, indicated that the OAS would play an active role to help Peru restore stability, according to the Japanese officials.

On April 5, Peruvian President Alberto Fujimori dissolved congress, closed the courts and seized sweeping powers.

In a televised speech Monday, Fujimori called elections for an 80-member constituent congress on October 18, saying it would pave the way for a return to full democracy in Peru.

Gros told Takeshita that Fujimori and the opposition parties should hold talks to settle the political crisis, and called for Japanese cooperation to ensure the holding of free and fair elections in Peru.

Foreign Minister Briefs Congressmen on Peru

PY0206032892 Montevideo Radio Carve in Spanish 0000 GMT 2 Jun 92

[Text] [passage indistinct] Foreign Minister Hector Gros Espiell was received this afternoon by the international affairs committees of the two congressional chambers, to whom he explained the mission carried out in Lima.

The foreign minister noted that to restore the Peruvian institutional system, Fujimori must call for a democratic constitutional congress, call for elections within five months, and resume talks with all political parties. The minister said that Congress by no means questioned his task as a representative of the Uruguayan Government. Assessing the current situation in Peru, Gros Espiell said:

[Begin recording] I think the foundations have been set to begin the process of constitutional and democratic reestablishment. I want to repeat that it is my opinion. We have to wait for what President Fujimori will say today. Constitutional restoration demands two essential elements: the call for elections for a democratic constituent congress—the elections must be held within five months and must be overseen, controlled, and supervised by the OAS, along with international observers—and respect for human rights and dialogue with political parties.

I do not dare say that I am optimistic, although the foundations have been set. I hope those foundations will be fulfilled, that there will be no need to return to Peru, and that the path to democracy will be open. [end recording]

To Request Envoy's Withdrawal

PY0206142892 Montevideo Radio El Espectador Network in Spanish 1000 GMT 2 Jun 92

[Text] Uruguayan Foreign Minister Hector Gros Espiell reportedly will ask the Peruvian Government to withdraw its ambassador accredited to Montevideo, Roger Loayza Saavedra.

Unofficial reports state that the foreign minister will be thus responding to a suggestion made by Deputy Juan Raul Ferreira, who denounced the Peruvian diplomat for his ties to the former Uruguayan de facto government.

Revolutionary Movement Justifies Violence

PY2905175592 Madrid EFE in Spanish 1932 GMT 28 May 92

[Text] Montevideo, 28 May (EFE)—Mario Rossi Garretano, the secretary general of the Uruguayan Revolutionary Movement (MRO), has justified the use of violence as "a strategic solution to the current oppressive and dependent situation in Latin American countries."

The MRO is a member of the "Broad Front" leftist coalition, the third largest Uruguayan political force, which is scheduled to hold its plenary meeting on 13 May [date as received] to discuss the expulsion of the MRO.

In an article published today by the biweekly "MATE AMARGO," which is edited by the National Liberation Movement-Tuapamaros Faction (MLN-Tupamaros), Rossi Garretano states that "the contradictions between empire and nation, and capital and work, are antagonistic and incompatible. For those reasons the situation should be resolved through violence."

Rossi Garretano adds:"Today more than ever, we are convinced that full liberation from imperialist-capitalist bondage can only be achieved through agitation by the people and by using all means."

Other MRO members have made statements that were described as "vindicating violence" by the leaders of other Broad Front factions who propose the expulsion of the MRO from the coalition.

Those in favor of expelling the MRO have stated that "barely 100 MRO members are undermining the image of the Broad Front."

During the 1990 elections the Broad Front won control of Montevideo City Hall, the district where half the Uruguayan population lives. In the 1994 elections, the Broad Front expects to become at least the second largest national political force.

The MLN-Tupamaros, the old guerrilla group which has now become a political force, is part of the Broad Front.

Venezuela

One Dead, 100 Arrested in Demonstrations

PA0306013992 Paris AFP in Spanish 0017 GMT 3 Jun 92

[Text] Caracas, 2 Jun (AFP)—A university student was killed, 30 persons—including at least 11 policemen—were injured, and more than 100 persons were arrested on 2 June during violent student demonstrations in Caracas and seven Venezuelan cities, according to several reports.

The victim, Pedro Vasquez, died in Maracay, 60 km west of Caracas, when he was shot in the jaw during a clash with police, according to spokesmen of the University Students Federation in Caracas. The event was also reported by radio stations.

The demonstration had been announced on the weekend of 30 to 31 May by university student leaders to repudiate social democratic President Carlos Andres Perez' administration.

Four riot police members were injured, two of them sustained bullet wounds, and seven university students were injured during violent demonstrations at the Central University of Venezuela (UCV) in Caracas.

Caracas Governor Antonio Ledezma said one policeman was shot four times and another was shot three times by snipers at Las Tres Gracias Square, located near the UCV.

The fifth policeman was hit by a rock as he was dispersing university students in El Valle housing area. The sixth policeman was injured during clashes in the industrial area of La Yaguara, also located in the southwest, where a technical school was raided. It was there that police attacked EL UNIVERSAL photographer Jose Cohen, who is also responsible for AFP's photographic coverage in Venezuela.

In addition to Caracas and Maracay, the violence extended to the cities of La Victoria, San Juan de los Morros, and Valencia, located nearby; the northeastern cities of Puerto La Cruz and Puerto Ordaz; and the Andean city of Merida, located in the southwest.

The demonstrations were all similar: barricades were set up with garbage cans; attacks were made with rocks, bottles, and Molotov cocktails; and police subdued the crowd with tear gas, bird shot, and batons. A still undetermined number of vehicles were burned.

The street riots continued on the evening of 2 June in Merida, 550 km southwest of Caracas, and at least five policemen and several students were injured, according to news reports.

Police raided the Eastern University in Puerto La Cruz, 250 east of Caracas, when students were holding an assembly on the campus.

The demonstrators demand President Carlos Andres Perez' resignation and an end to repression. They were protesting because the government eliminated a mandatory price control label on food containers.

They demanded the release of Douglas Bravo and Francisco Prada, two 60-year-old former guerrilla leaders of the 1960's, who are accused of planning the violent student demonstrations that have been going on for two weeks.

* PDVSA Sets Long-Term Production Goals

92SM0406A Caracas EL NACIONAL in Spanish Section D, 8 May 92 p 8

[Article by Ana Diaz: "Daily Venezuelan Oil Production Goal is 3.6 Million Barrels"]

[Text] The boards of directors of PDVSA [Venezuelan Petroleum, Inc.] and its affiliated enterprises met in Sartenejas yesterday to draft their planning strategy for the period between now and the year 2000. The scenarios analyzed point to recovery on the world oil market.

The demand for oil on the international market is characterized by an upward trend, and the planners of the national hydrocarbons industry predict it will strengthen between now and the year 2000. According to their estimates, there will be demand for 75 million to 77 million barrels of oil per day at the beginning of the next century, taking the optimistic and pessimistic scenarios, respectively, as reference points.

This matter was taken up during the study sessions held at IDEA [expansion not given] headquarters by Venezuelan Petroleum, Inc., and its affiliated enterprises in an effort to develop a picture of the oil industry over the long term, in both the domestic and international contexts. At this gathering, the first of its kind in 1992, an effort was made to establish clear planning parameters for drafting the oil plan for the next 6 years.

The purpose of the sessions was to determine the needs, plans, and resources that will serve as the basis for establishing the 1993 budget to be approved at the PDVSA stockholders meeting next December, as well as to provide continuity in the programs for the five subsequent years. At the meeting yesterday, at which Gustavo Rossen, the president of the PDVSA, presided, the participants studied the domestic macroeconomy from the financiers' and the producers' points of view.

On the basis of the first approach, the oil industry appears threatened by the state's perception of it as a source of tax income. From the second point of view, the prospects are more favorable for a growing industry free of the pressure of excessive taxation and thus having a positive effect on the economy. The other scenarios

discussed during the sessions were those of a temporary nature (political, social, and institutional).

The factors on the international level include the global forces within a world market economy that affect the energy situation, as well as trends in the financial sector. However, the parameter that exerts the greatest pressure for change in the industry is environmental concerns, with ever-stricter regulations designed to slow the emissions of carbon dioxide and other residues of oil byproducts. This is affecting refining activity profoundly.

Market Improvement

The major international oil enterprises are using this type of gathering to identify long-range problems and opportunities. This kind of planning is indispensable when drafting plans and projects that require three to five years for implementation. The demand for oil is a basic reference point for planning, and in this connection, the analysts see improving prospects for the period between now and the year 2000 as compared to their prediction last year, which was 2 million barrels per day less for both the optimistic and pessimistic scenarios.

The estimates for the year 2000 indicate that world oil demand will range between 70 million and 75 million barrels per day, representing the lowest and highest levels, respectively. Of these amounts, the Organization of Petroleum Exporting Countries [OPEC] will account for 32 million to 35 million barrels per day, 10 million barrels more than the current OPEC demand.

Between now and the year 2000, a number of producers in that organization will have left the market due to the lack of adequate oil-producing reserves, leaving Saudi Arabia, the Arab Emirates, Kuwait, Iraq, Iran, and Venezuela in the market picture. This will enable our country to increase its share of the market represented by the OPEC demand from 10 percent to 11 percent.

The PDVSA plan therefore calls for the production of 3.6 million barrels per day by the year 2000, while the production potential (maximum exploitation capacity for a deposit at a given time) will be 4 million barrels per day. Current Venezuelan oil production includes 1.9 million barrels per day of light and medium crude oil and gas condensates and liquids and 500,000 barrels per day of heavy crude oil.

The contribution of heavy crude oil to daily production at the beginning of the coming century will be increased to 1 million barrels, given the tremendous reserves of heavy crude oil in the country. This will require planning in the refining sector to raise the processing level to 13 degrees API [American Petroleum Institute] at the complexes in Venezuela and on the island of Curacao and to increase deep conversion capacity in order to obtain larger volumes of refined products. By this means, it will be possible to meet the environmental quality specifications on which the clients, mainly in the United States, insist.

Over the long term, the heavy and extra-heavy crude oil of the Faja will be developed on the basis of strategic partnerships, in which connection letters of intent have already been signed with the ENI [National Hydrocarbons Institute] in Italy; Conoco, Amoco, and Mobil in the United States; Elf-Aquitaine in France; Mitsubishi in Japan; and Veba Oel in Germany. Without neglecting the light and medium crude oils and condensates, PDVSA is moving forward with an aggressive prospecting plan. Partnerships are not excluded where high-risk areas are involved. The expectation here is of reserves totaling 36 billion barrels, plus another 11 billion barrels.

* Regional Business Leaders Discuss Economy

92SM0406B Caracas EL UNIVERSAL in Spanish Section 2, 7 May 92 p 4

[Article by Miguel Salazar: "The Economies of the Provinces Viewed by Their Leaders"]

[Text] In a survey carried out by EL UNIVERSAL among the representatives of the chambers of commerce in the various federal units of the state, individuals set forth their views on the following topics: the economic situations in their regions, the prospects for economic development, and the actions of the government sector.

While the economic situations in Sucre and the Municipality of Vargas are seen as discouraging, those in Monagas, Bolivar, and Lara are viewed as normal, almost acceptable. Only one business leader—in Barinas—described the economic development as optimal.

When asked about the prospects for development, the majority said that the potential is good, provided that the government sector provides a speedy solution to the problem posed by the inadequacy of public services.

In the opinion of the business representatives, the state has not fully met its obligations. They said that real decentralization should be established.

A representative of the trade sector said that a prerequisite for economic development is a change in the political leadership's thinking that leads to a new concept of public affairs management and the reestablishment of ethical values in government administration.

Fishing Sector in Difficulty

The following is the statement made by Omar Faria of the Guiria Chamber of Commerce in the Valdez District of the State of Sucre:

"The economic situation in the zone that includes the Paria Peninsula is extremely serious. The fishing sector, which is the leading employer in our unit, is being affected by a national program that extends to Cumana, Punto Fijo, and other fishing ports in the country. The implementation of the Environmental Crimes Law is working to the detriment of trawler operations, one of the most important activities in the fishing sector. We

are awaiting the solution that is supposed to be presented by a presidential commission appointed for this purpose. Meanwhile, it is expected that today, Thursday, all of the fishing trawlers in the country will sail to the port of La Guaria to go on strike. In Guiria, we have another very serious problem—the management of the fishing port by economist Enrique Pinerua Latuff. In 1991, the losses came to 17 million bolivares. In addition, the sector declared itself in arrears in trade, and the purchasers went abroad. We believe that what is being sought is the large commissions on the purchases of naval steel, gas, and everything required for rebuilding ships. Our prospects depend on the resolution of the problems that are created by the Environmental Crimes Law. We want an intervenor to take over the fishing port of Guiria.

"The Guiria Chamber of Commerce and the labor sector have demanded that the government dismiss Enrique Pinerua Latuff because he has bankrupted the port, but we have not received any response."

Contributions From All Sectors

The following is the statement made by Salvador Nunez, president of the Chamber of Free-Port Importers on the Island of Margarita:

"Everything that has been happening on our national territory has affected us in some way. However, everything is moving toward normalcy. We businessmen on the island were not caught unawares. On Sunday, we are launching a campaign with the slogan 'Margarita is a pleasure,' to tell Venezuelan citizens how they can visit the island. We have put together a very attractive package—Aeropostal is offering a 20-percent discount, and the hotels are providing discounts of up to 40 percent, while the shops are offering discounts ranging from 15 to 50 percent.

"Despite the crisis, the prospects for the island are very good. Margarita has had a very interesting development process. We do not have employment problems, but instead need skilled manpower. We have a hotel infrastructure that is not found in any other state in the country.

"The role played by the government in resolving the problems of the island has been interesting. The governor has been very concerned about cleaning up the island. We have set forth the problem of the holidays for the consideration of the minister of labor. On Margarita, there are many patron saints' days. We agree that our traditions should not be lost, but we must work while others enjoy themselves. The patron saints' celebrations must be working days of pleasure, so that businesses are not closed."

Conversion Necessary

The following is the statement made by Edgardo Berti, zonal coordinator, representing the State of Monagas:

"Compared with the situations in other provincial Venezuelan states, ours is good. We are diversifying our farm production. However, we have been dealt a blow in the dark—our constitutional fixed income has been reduced. We are asking the central government for 5 billion bolivares to invest in the farm sector. This sector of economic activity has suffered greatly, but despite this, some business sectors have been converted. We believe that we should receive preferential treatment in the distribution of oil income—we are the third most important producer state. Monagas would have benefited had 1 percent been reinvested.

"The prospects will not be not encouraging if oil exploitation continues to be the basic activity. It has had a negative impact on the environment. Together with this, there has been population growth, which has increased consumption, and housing has deteriorated. We know that some industries, both domestic and international, have been established in Monagas, but what is needed is for public services to improve. The lack of them is hindering development. There are businesses that want to locate in this state, but they do not because the available services are not satisfactory to them. Despite everything, we are better off than other units. There are some social programs we are implementing with the government and business institutions.

"We aspire to veritable decentralization. We must be allowed to manage our own economy and labor relations. The central government is deaf, and therefore dumb. There is no way it can give us solutions. There is no money because resources have been squandered, and there is no way today to deal with the problems that need urgent solutions."

The following is the statement made by Alexis Garcia, president of the Caroni District Chamber of Commerce:

"The economic situation in Bolivar is not among the worst in the country. The way in which the economic criteria were established in Guayana has favored our development. The CVG [Venezuelan Corporation of Guayana] enterprises, which set the standard for the structure, have allowed the businessmen in the zone to maintain a certain stability. We are concerned about the events that occurred beginning on 4F [4 February], for they have had a negative effect on economic activity and have caused some slowing of investment movement.

"The State of Bolivar has good prospects for development. From the strategic point of view, we have the most abundant rivers in Venezuela, which gives us access to the energy sector with a considerable advantage. In addition, we have abundant mineral resources.

"The government's role in resolving the problems has been acceptable enough. We are experiencing a wave of privatizations, and insofar as the conditions demand it, the state will have to yield to private management. We have management of the very highest quality, and we are not bound by the political ties that limit the state in its activities."

National Road Network

The following is the statement made by Luis Toro Munoz, president of the Lara State Chamber of Commerce:

"We are basically agricultural producers, and we have been held back, in terms of investment, by the government sector. The infrastructure projects necessary for agricultural activity have not been built. For more than four years, we have been promised a road system, but none has been provided. There are rural products that have been totally wasted. The main projects, such as the North Circumferential and the Barquisimeto-Acarigua superhighway, have not been executed.

"Despite the crisis, we take a positive view where our prospects are concerned. We want to be positive. We believe that in our relationship with the state government and the municipalities, we can achieve a practical level of economic activity. However, the governmental body must understand that it has to make the investments that will provide the community with real benefits.

"We want to believe that the state is willing. The sector with the largest income in the region, and the sector called upon to raise the standard where investment is concerned, is the state sector. The private economy is based on this and is willing to provide access so that progress can be made in economic development."

Battle in Vargas Municipality

The following is the statement made by Salvador Lucas, of the Chamber of Commerce in the Municipality of Vargas:

"We are experiencing a chronic economic crisis. What is doing us the most harm at the present time is the political situation. The crisis in the municipal council has not yet been resolved, and the result is that there is public disillusionment and apathy. The council has become a cockfighting pit. We have urged an economic scheme that to date has not been taken into consideration. After the port economy began to experience a crisis situation, the region failed to find alternatives to replace it. We have proposed a tourist economy. The fact that we have one of the major airports in the country and the Port of La Guaira, which is still important, makes our situation advantageous. The beaches and natural monuments make Vargas a favorable area for tourist investment. However, the inadequate road system is an obstacle that hinders our development of this promising activity. Also, the problems of environmental pollution and the lack of adequate public services are deterrents to any possible private investment.

"If the political leadership becomes aware that it must change its style of government administration, if it understands that civilian society has a role to play in development, then there will be the potential for a better future. Otherwise, we will continue to have confusion of all kinds—economic, ethical, and political.

"The state has shown total indifference to the current situation. Development continues to be regarded as a function of the capital of the Republic."

Marvelous Barinas

The following is the statement made by Yaqueline Colmenares, of the Barinas State Chamber of Commerce:

"Our state is very tranquil and very prosperous. The effects of the economic crisis have not been seen here.

"We have incredible prospects. There is vigorous activity in the crop-raising and livestock-breeding sectors.

"We have an extremely cooperative state."

Guyana

Jagan Warns Against Political Union Proposal

FL2305143092 Bridgetown CANA in English 0549 GMT 23 May 92

[Text] Georgetown, Guyana, May 22, CANA—Guyana's opposition leader Dr. Cheddi Jagan has warned against "fragmentation and balkanization" in a proposal by the Trinidad and Tobago prime minister to form an economic and eventual political union between Guyana, Trinidad and Tobago, and Barbados.

"While we need speed (to integrate), we have to guard against fragmentation and balkanization," Jagan, minority leader and head of the leftist People's Progressive Party (PPP) told reporters Friday [22 May] at a news conference.

Jagan, who said the proposal needs "careful consideration," said it was probably "born out of frustration" by Trinidad and Tobago's Prime Minister Patrick Manning.

"Maybe Manning's proposal was born out of the frustration that the Caricom [Caribbean Common Market] integration movement is not deepening and widening fast enough as noted on the (Professor Gladstone) Mills report and by the (Shridath) Ramphal (West Indian) Commission," he said.

Jagan promised a PPP government would help to deepen the integration process. He said he plans to discuss "further aspects" of the proposal during a planned visit to the twin island republic next month. Manning indicated earlier this week he had received "encouraging feedback" from Barbados Prime Minister Erskine Sandiford and Guyana's President Desmond Hoyte on the proposal. It is being regarded as a catalyst for quickening integration in the 13-member Caribbean Community (Caricom).

The proposal has been described as "insane" by Trinidad and Tobago's opposition leader, Basdeo Panday, who said the idea raised more "questions than answers."

Jagan said he wants further clarification from Manning on the proposal to see if it will prevent any disruption in the regional process.

Commissioner Says 'Snap' Elections Not Possible

FL2405204792 Bridgetown CANA in English 1101 GMT 24 May 92

[Text] Georgetown, Guyana, May 23, CANA—Guyana's elections framework cannot facilitate the holding of a snap poll, Elections Commission Chairman Rudy Collins told newsmen here Saturday [23 May].

"There is no way you can have a snap election here on the basis of existing laws," Collins said at his regular weekly press briefing, "Guyana needs a completely new elections system".

The Guyana Government, after persisting allegations of manipulating elections which it has rejected, has implemented sweeping electoral reforms.

These include the counting of votes at the place of poll, the revamping of the Elections Commission, an entirely new voter registration, the compilation of a new voters list, and the use of metal ballot boxes and indelible ink. The government has also officially invited foreign poll observers for the first time.

But Attorney General and Legal Affairs Minister Keith Massiah, in tabling the amendments to Guyana's Constitution in Parliament, has repeatedly stressed these are all special arrangements only for the 1992 general elections.

Barring the arrangements recently enacted, Collins said the entire registration process would have to be repeated in coming elections unless the electoral system is completely overhauled.

"We have got to do the whole thing over", the commission chairman said, while branding the current system as "outmoded and impractical".

However, Collins said a snap election can be called on the electoral register now being printed by the commission.

The commission chairman said he has already received international funding for an overseas consultant to study the existing system and to come up with recommendations for its complete overhaul. He declined to name the donor agency.

Collins said the entire Elections Commission will be "disbanded" three months after the 1992 elections.

Commission Chairman Praises New Voters' Lists

FL3105223392 Bridgetown CANA in English 2149 GMT 31 May 92

[By Urrel Wilkinson]

[Text] Georgetown, Guyana, May 31, CANA—The latest voters list prepared by Guyana's Elections Commission could well be the one which satisfies the political contenders and bring about the long-delayed general election. The poll, due since 1990, has been on hold as opposition parties demand that a clean list be prepared and other measures put in place for a transparent election.

With one party, the Working People's Alliance [WPA], terming the list "a great improvement" on the previous two, the opposition might well think it's time to challenge the People's National Congress [PNC] which was not ungrateful for the extra two years on its last five-year term.

Commission Chairman Rudy Collins has been quick to point out that this list, prepared with United Nations Development Programme (UNDP) help, is not perfect, but notes it was done with "scrupulous regard for honesty." In an open letter to 10 political parties who were given copies of the preliminary list May 28, Collins said it was subjected to numerous tests and internal verification checks for accuracy, and passed them all with "commendable results." It will be officially released June 8.

"It is a list, the integrity of which I venture to say, is beyond question," he said, noting it will contain the names of people who have died or migrated since the 1991 registration exercise. There are also 32,000 names without identification numbers, and more than 20,000 in the wrong electoral divisions on the list of 365,369 voters. In a closely fought election, 30,000 votes could give an advantage of three or four of the 53 elected seats under the system of proportional representation in which seats are allocated according to the number of votes to parties. The PNC now has two-thirds of the seats in Parliament.

In a briefing with reporters, Collins said this list provides a "reasonable basis for conducting claims and objections. The real test (of the list) is in the claims and objections period," he added. Two days after getting its copy, the main parliamentary opposition People's Progressive Party (PPP) would not commit to an observation, saying it was unsure what it would find. The main parties are the ruling People's National Congress, the PPP, the WPA, Democratic Labour Movement, the United Force, United Republican Party, National Republican Party, People's Democratic Movement, the National Democratic Front, and the National Workers Party.

There are 900 polling stations scattered across 10 regions in the three counties of Demerara, Berbice, and Essequibo in this 215,000 square km (83,000 square mile) Caribbean Community (Caricom) Republic. Voter turnout in past polls averaged about 70 percent, but there are fears that the delays in holding the election might cause voter apathy. With this in mind, the Elections Commission is mounting a nationwide publicity

campaign with international help to boost voter confidence and encourage participation. A consultant from the Washington-based International Foundation for Electoral Systems, Henry Valentino, will launch the campaign on June 8, on the release of the voters list.

The Guyana Government, under mounting pressure from Western backers of its liberal economic recovery programme, gave in to opposition demands for sweeping electoral reforms. Apart from agreeing to scrap the original flawed voters list and compiling one through house-to-house registration, the government also agreed to the counting of ballots at polling stations, the invitation of foreign observers, and scrapping of Elections Commission and appointing new members. Overseas and proxy voting has also been severely restricted to embassy staff and their immediate families. Metal ballot boxes are to replace controversial wooden ones, and indelible ink is to be introduced.

But opposition parties here still want iron-clad guarantees over the military's role on election day. The parties were not impressed by assurances from Army Chief Brigadier General Joe Singh that the military will remain in barracks on polling day. The PPP, claiming fear of "orchestrated" violence from disgruntled PNC elements, wants unarmed United Nations peacekeeping forces and observer groups, other than one from the Commonwealth secretariat, to guarantee a fair poll. The government is yet to respond to these demands.

Some political analysts believe the Marxist PPP led by Dr. Cheddi Jagan, has a good chance of unseating the PNC, which has governed this South American republic for 28 years. While many do not support Jagan's leftist views, race might well determine his level of support. Indians are an estimated 51 percent of the population of about 755,000. Africans make up 38 percent, and the remainder native Amerindians, Chinese, and others.

The predominantly rural Indo-Guyanese PPP has been obstructed by urban Afro-Guyanese sentiment that their period of enslavement entitled them to more say than the Indians who came after emancipation as indentured labour. Trinidadian political scientist Dr. Selwyn Ryan feels that the Indians are ready to challenge the status quo. Delivering a paper at the 17th annual conference of the Caribbean Studies Association in Grenada the last week of May, Ryan said Indo-Guyanese are now "making it clear that unless they are brought into the mainstream of Guyanese society... overt and covert resistance to the system will increase."

The PNC won power from the PPP in the aftermath of racial strife in British-supervised elections in 1964, two years before political independence. The PPP has always maintained it was the victim of an imperialist conspiracy involving the American and British Governments which regarded the PNC as the "lesser of two evils," and has accused the PNC of manipulating votes and using the military to cling to power. The PNC has denied these claims insisting all the polls were "above-board" and free.

With indications from the Elections Commission of readiness of a final voters list by July monthend, Guyanese are hoping they can bring off the election on the third. President Desmond Hoyte has three months after posting of the final list to hold election.

Weighs Military Vote, Observers

FL0206001992 Bridgetown CANA in English 2103 GMT 1 Jun 92

[Text] Georgetown, Guyana, June 1, CANA—The Guyana Elections Commission is to examine and make critical decisions on military voting and the accreditation of local election observers, commission chairman Rudy Collins said. He told reporters here that both issues have become the subjects of "particular concern" to opposition political parties.

"(Military voting) is an issue that is of particular concern to a number of political parties and became a hot topic sometime around last week at a public forum," Collins said. Both issues will be discussed at the commission's weekly meeting Friday.

Opposition parties are demanding a bigger observer presence to eliminate, or minimise chances of manipulation especially in remote interior polling centres. The Atlanta-based Carter Center, and the Commonwealth missions will have less than 70 observers collectively to monitor 900 polling centres scattered across this 215,000-square km (83,000 square mile) Republic.

The Commonweath Secretariat said it will send a 25-member observer team to certify the Guyana poll. The Carter Center has indicated that its contingent will not surpass 50. But local opposition parties are demanding the presence of at least 1,900 observers to adequately police all polling centres. Both the Carter Center and the Commonwealth Secretariat have been officially invited by the Desmond Hoyte administration to monitor Guyana's most scrutinised post-independence election.

But parties are pressing for the invitation of the European Parliament; human rights body, Caribbean Rights; the Organisation of American States; and the local Electoral Assistance Bureau.